Surviving in

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Tuesday April 22 1986

D 8523 B

#### World news

# **Spanish** election set for June 22

Spain called early general elections for June 22 in a tactical move by the Socialist Government of Prime Minister Felipe González. They will be the fourth general elections in the 10 years since the end of the Franco dictatorship.

A decree dissolving Parliament

with effect from tomorrow was signed by King Juan Carlos after a hastily arranged Cabinet meeting. electoral plans, the Government de-

After mounting rumours about its cided to rush the measure through before the King's visit to the UK, starting today. Earlier report, Page 2; Juan Carlos's role, page 15

#### Marcos assets

Philippine Government told Switzerland it would start proceedings to recover more than \$1bn of assets allegedly held there by former President Ferdinand Marcos, the Swiss Justice Ministry said. Marcos cash offer, Page 3

#### Philippine battle

At least 31 people were killed in a 10-bour gun battle between Government troops and communist guerrillas in the northern Philippines.

#### Special address

Rudolf Kirschläger, the Austrian President, is to address the nation tonight in a bid to calm passions aroused by allegations over the wartime past of Kurt Waldheim, former UN secretary-general and candidate in Austria's presidential election next month. Page 2

#### Lima car bomb

Car bomb exploded outside the US ambassador's home in Lima, Peru, blowing a hole in a wall of the residence but injuring no one.

#### Maputo explosion

A booby-trapped car exploded in the Mozambican capital of Maputo, injuring at least 50 people, three critically, military officials said.

#### Wine death toll

A middle-aged Italian woman died from drinking adulterated wine, bringing the total number of suspected victims to 22, doctors said.

#### Belgian strike

Belgian coal miners began an unlimited strike, seeking a government promise not to close the country's last surviving mines or make redundant any of the loss-making industry's 18,600 workers.

#### **Inquiry ordered**

Local parliament in Yugoslavia's autonomous province of Kosovo ordered an inquiry into local judicial institutions after complaints that they were fuelling ethnic tensions.

#### S. Korean petition ( More than 10,000 Christians signed

a petition urging South Korean President Chun Doo Hwan to allow constitutional changes, church offi-

#### Teachers rehired

Bolivia's Government agreed to re-hire nearly 75,000 dismissed teachers and promised to raise their wages eightfold from their current monthly average of about 40m pesos (\$20).

#### Sudan peace talks

Sudan's right-wing Umma party. which looks set to win the country's first elections for 18 years, is to seek talks with rebel leader Jon Garang in a bid to end the three-year-

#### old civil war. Page 4

Archaeology find year-old spearheads, pots and seals in burial mounds near the Saudi Arabian Gulf port of Dharan, near Archaeologists have found 5,000-

# Business summary. Israeli bank chief quits after report

BANK HAPOALIM managing diwake of Sunday's highly critical report on past conduct of Israel's leading bankers and financial regulators. Other Israell bank heads are also expected to quit. Page 16; Re-port details, Page 4; Men and Matters, Page 14

DOLLAR was weak in London, falling to DM 2.208 (DM 2.221). FFr 7.0425 (FFr 7.0875). SFr 1.849 (SFr 1.862) and Y172.05 (Y174.15). On Bank of England figures, the dol-lar's index fell to 115.4 from 118.0.

STERLING fell 70 points against the dollar in London to \$1.5115 and was also lower at DM 3.3375 (DM 3.3725), FFr 10.645 (FFr 10.7625), SFr 2.795 (SFr 2.8275) and Y260.0 (Y284.5). The pound's exchange-rate index fell 0.7 to 75.5. Page 33

WALL STREET: By 2pm the Dow Jones industrial average was up 10.67 at 1,851.07. Page 40

LONDON: equities and gilts suffered setbacks despite international moves to reduce interest rates. The FT Ordinary index ended 6.6 down at 1,394.5 and the FT-SE 100 closed 12.2 lower at 1,668.0, Page 40

TOKYO: Prices gave up an early advance and the Nikkel stock average finished 0.66 higher at 15,827.28.

GOLD fell \$2.875 on the London bullion market to \$342.25 and was 25 cents lower in Zurich, also at S342.25. Page 32

PHILIPPINES bas decided to discontinue an 18-month-old standby loan agreement with the IMF, which ends in June, in favour of an entirely new package. Page 4

NORWAY will on Thursday consider plans to merge the state-owned aluminium producer, ASV, with the aluminium division of Norsk Hydro, the energy and industrial group.

UNION CARBIDE, US chemicals group, announced sale of home and motor products division to First Boston, the investment bank, for special dividend of about \$33.20 to shareholders. Page 17

SUN CHEMICAL, US maker of graphic-arts equipment, moved to block a bostile \$800m takeover attempt by Dainippon Ink & Chemicals, Japanese printing ink rz ducer.

FRUEHAUF, US trailer and motorparts company, faced an increased takeover offer of S887m from a group led by Asher Edelman, a New York investor.

AMOCO, first of the leading US oil groups to report its first-quarter re-sults, said net income fell 30 per cent to \$331m or \$1.26 a share, indicating the impact of lower world oil prices. Page 17

ZURICH Insurance Company of Switzerland has bought a majority interest in Minerva, a group of Italian insurers beaded by the Romebased Italo-Americana di Assicurazioni e Riassicurazioni. Page 17

SMITHKLINE BECKMAN. US drugs group, reported a 12 per cent fall in first-quarter income to \$116.4m after taking a \$28.9m aftertax charge to cover costs of its early-retirement scheme and with-drawal of three products after tampering incidents. Page 17

MELLON BANK, Pittsburgh-based group, increased net earnings by 46 per cent in the first quarter. Page 17

CONTROL DATA, US computer and financial-services group that came close to financial collapse last year. reported deeper losses of \$21.2m in the first quarter against \$9.2m in the corresponding 1985 period.

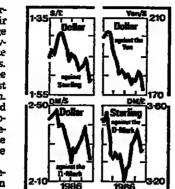
# Dollar tumbles as banks cut prime to eight-year low

BY PAUL TAYLOR IN NEW YORK AND GEORGE GRAHAM IN LONDON

THE DOLLAR fell sharply yester-day as leading US banks cut their prime rates by half a percentage point to 8% per cent - the lowest lev-el for the benchmark corporate lending rate for almost eight years. The prime rate cut came in the wake of cuts in nfficial interest rates in the US, Japan and Britain. The falls in US rates helped to seod an already weak dollar down to-wards the DM 2.20 level and to record lows against the yen, despite heavy support from the Japanese central bank.

While the prime cut largely re-flects the recent sharp decline in US short-term interest rates and bank funding costs, it came as some on Wall Street suggested that the US federal reserve may ease rates further following its half-point cut in the discount rate to 6.5 per cent announced on Friday in an effort to revive the sluggish US economy.

Chase Manhattan, the third largest US banking group, led the way to the lower prime in a move which, it said, represented "a response to market considerations, and "the lower cost of funds. Chase's move was quickly matched by First Chi-cago, Bankers Trust, Citicorp, the nation's largest banking group, Chemical Bank, Continental Illinois and a bandful of smaller banks.



the benchmark rate in the wake of the marked decline in US money market rates in recent weeks. Since the start of this year, three-month bank certificate of deposit rates bave fallen from above 7.8 per cent to about 8.55 per cent, while the prime rate, ahead of yesterday's action, had been cut only once, by % point, in early March.

The unusually wide spread be-tween the banks' cost of funds and the prime rate helped most hig banks to post sparkling, double-figure earnings gains in the first quar-ter. Coupled with recent sluggish corporate short-term loan demand. reflecting the relative attractions of Leading US banks have been un- the credit markets where yields der mounting pressure to reduce bave plunged, those high profits

the banks to cut the prime.

After falling more than 25 per cent against the yen in six months, the dollar had stabilised for a time between Y180 and Y175. Late last week, however, it broke through to lower levels, and yesterday dipped as low as Y171.3 before closing in

London at Y172.05. In the foreign-exchange markets, dealers said the dollar remained weak because of renewed doubts about the strength of the US economy. But they were hesitant about pushing much lower for fear that other central banks might join Ja-pan's in intervention if the dollar were to fall too quickly.

In Europe, central bankers show little concern that the dollar might have fallen too far, nor do they appear to be convinced that vester day's decline was sharp or disorderly enough to justify the degree to which the Bank of Japan intervened to support the dollar.

Mr James Baker, the US Treasu ry Secretary, made clear at last week's meeting of the Organisation for Economic Co-operation and Development in Paris that he thought

Continued on Page 16

UK mortgage rate fall, Page 9; Money markets, Page 33

# New production ceiling causes rift in Opec

BY RICHARD JOHNS IN GENEVA

THE LONGEST ever conference of production to boost per barriel reveduction ceiling of 16.3m barrels per day until the end of September.

the starting point for a new strategy to restore oil price levels, the markets were unimpressed. The Brent price, the most traded North Sea crude, weakened on the spot market to \$11.25 a barrel.

the Organisation of Petroleum Ex-porting Countries (Opec) ended last night with a minority of three gov-di Arabia. This would not be the ernments still bitterly opposed to a first time a minority has dissented majority decision to set a new pro- from an Opec decision. of a 16-day negotiation which was adjourned after the first nine, seeks

Although the decision was seen adjourned after the first nine, seeks by the Gulf states and Venezuela as to move away from the haphazard and confused agreement of last December which gave a priority to regaining market share and sent prices plunging. The production ceiling of 16.3m

market to \$11.25 a barrel.

Publication of a final communique was held up last night by the angry objections of Iran, Algeria and Libya, which want a deep cut in the final quarter. The figures are based on allegedly conservative estimates of demand for

Open oil by experts from a majority of the 13 members. But Open still faces major prob-

lems in imposing such a ceiling. Its current output is running at about 17.5m b/d and Iraq is insisting that its quota is 2.3m b/d, not the 1.2m h/d it was allocated under a 1984 ac cord. Iraq says it will make no concession unless 'a scientific and obective formula emerges under which quotas will be distributed to

Against this the hostility of Iran was shown yesterday when its Min-ister of Oil, Mr Gholamreza Aghazadeh, bitterly attacked the majority decision. He said that it meant the continuation of a price war that he Fresh Gulf fighting, Page 4

# Sweden to relax foreign exchange rules

By Kevin Done in Stockholm THE RIKSBANK, the Swedish central bank, yesterday recommended a gradual relaxation of the coun-

try's stringent foreign-exchange regulations, which have been in force since 1939. Deregulation, it said, should take place in stages, but a start should be made this year. The move by Sweden to relax foreign-exchange

controls follows similar steps taken in recent months by other Euro-pean countries, including France and Italy. The central bank says the first priority should be to abolish the present requirement thet forces Swedish corporations to finance di-

rect investments abroad through loans in foreign currency over at least five years. The authorities are expected to announce a substantial relaxation

of that rule next month. The Riksbank is also recom mending that restrictions on the purchase of foreign shares and for-eign property by Swedish residents should be removed, but later.

The authorities are maintaining cautious attitude to more sweeping reforms, however, and continue to rule out any lifting of the prohibi tion on Swedish portfolio invest-ments abroad in financial instruments other than shares and for-eign portfolio investments in Sweden, at least in the short term.

The country's social democratic Government still believes that a relaxation of those regulations - the core of Sweden's foreign-exchange controls - would open the way to "strong and destabilising capital flows" which might undermine domestic monetary policy.

The non-Socialist opposition par

ties, which are in a minority on the Riksbank board, favour a faster pace of reform and support a total removal of foreign-exchange controls, but the Social Democrats accept the case only for gradual longterm reform.

The Riksbank said yesterday that

a step-by-step liberalisation of foreign exchange regulations had been made possible by the significant improvement in the Swedish balance of payments and by the substantial reduction of the state budget deficit achieved in the last four-years. Sweden has had comprehensive foreign-exchange regulations ever since the Second World War, but

some curbs have been relaxed during the past decade. To help to finance tha long-lived current account deficit, private financial borrowing abroad and the purchase of Swedish shares by nonresidents have been permitted,

while companies have become freer Continued on Page 16 resentation in Libya.

# EEC's curbs on Libya fall short of US demands

BY QUENTIN PEEL IN LUXEMBOURG

EEC foreign ministers yesterday agreed to step up the measures they are taking to curb the activities of Libyan diplomats – and send a missinn to Tripoli to explain why. Their actions still fall far short of US demands for the closure of Liby-an embassies – the so-called Peo-ple's Bureaux – and economic sanctions, but they represent a further appreciable bardening in the EEC position towards Libyan involve-

ment in terrorism. The numbers of Libyan diplomats in the Community, and EEC diplomats in Tripoli, will be cut to "the minimum necessary" after yes-terday's agreement. Their move-ments will be restricted to the cities

where they are based. -Libyans in non-diplomatic organi-sations such as airlines and trade missions will also be investigated with a view to reducing their

The foreign ministers also agreed that any Libyan expelled from one member-state for implication in terrorist activities would automatically. be excluded from the rest of the 12. They ordered a new investigation on the abuse of diplomatic immunity and possible means of curbing it.

The package was described by Sir Geoffrey Howe, the British For-eign Secretary and a prime mover for a more forceful European response, as "a very substantial step forward from where we were" which would "go a long way to-wards persuading the US that we are serious."

It was agreed by all 12 only after Greece had won the concession that a mission would be sent to Libya to state the reasons for the action, and would bring back any Libyan reply.

Mr Theodoros Pangalos, the
Greek Minister for European Af-

fairs, said the opening of such a po-litical contact with Tripoli meant for the first time a clearly different European response to the issue from the US action.

Britain and Laxembourg, will go to India early next month for talks set of possible measures to be an-with the current chairman of the plied case by case, not rigidly."

Sir Geoffrey Howe also raised the ing international terrorism. Urgent meetings are also planned

al Arab states, not only on anti-ter- powder. rorist action but also on its causes, Mr Hans van den Broek, the Dutch Foreign Minister and current EEC chairman, said.

ters agreed that Libyan diplomatic subsidies.

and consular representations in Ireland exports beef worth some EEC capitals would be "reduced to a Ecu 30m (\$29m) a year to Libya, that they should not be bigger than concluded recently.

the corresponding European repLibya's economic problem.

Italy has arrested a former Libyan diplomat on suspicion of in-volvement in a plot to kill the US, Saudi Arabian and Egyptian ambassadors last year. Ansa, the Italian newsagency, identified the arrested man as Arebi Mohammed Fituri, 47, and said a warrant had also been issued for another former Libyan diplomat who had left Italy. In London, a third man was acrested in connection with the plot to blow up an El Al airliner, which was foiled at Heathrow last week.

That might mean a startling reduction in some cases: Greece currently has only two diplomats in Tripoli, compared with 42 Libyans accredited in Athens; Denmark has two compared with seven in Copenhagen. Other missions are more equally balanced, including the Italian embassy in Tripoli with some 50 members to service the 10,000strong Italian community in Libya. The decision on cuts and restric-

tions will none the less be up to the individual member-states, and they are still likely to be interpreted more or less strictly, depending on the sympathies of the government

The ministers also failed to agree on a system categorising countries according to their degree of involvement in terrorism, and proposing specific responses according to the category.

The plan put forward by a work-

ing party of national officials would range from countries "favouring terrorist organisations", which would then be subject to strict controls on aircraft and shipping move-ments, to those "which themselves directly carry out terrorist acts." The last category, in which Brit-ain sought to classify Libya, would suffer economic sanctions and clo-

sure of embassies.

The ministers could not agree on A further mission from the Com-munity, involving the Netherlands, den Broek said the working group's report should be seen as a flexible

exports to Libya; including cheap with the Arab League and individu-butter, beef and skimmed milk The ministers agreed to refer the

subject to their EEC ambassadors for consideration and possible action to take Libya off the list of Mr van den Broek said the minis- countries eligible for such export

minimum, with a general guideline and a cheap butter sale was also Libya's economic problems,

Page 4

# Feldmühle Nobel share flotation set to raise record DM 2bn

BY JONATHAN CARR IN FRANKFURT

record for a West German new is-

This emerged yesterday when Deutsche Bank, which recently bought most of the Flick empire for around DM 5bn, announced details of the public offering. Seven million DM 50 nominal

shares, representing Feldmühle Nobel's entire basic capital of DM 350m, will be available for subscription from Thursday through an international bank consortium at a price of DM 285 apiece. Payment must be made on April 30 and the shares will be listed on all German stock exchanges early next month, probably from May 5.

first business year, February-December 1986. Banks have already been show ered with inquiries from potential shareholders, not least in Britain

Shareholders will be eligible for a

partial dividend for the truncated

THE STOCK market flotation of and the US, and the issue is expect-son of the group's founder. But the Feldmühle Nobel, the new holding ed to be bezwily over-subscribed. state of the stock market would have justified a higher issue price

than DM 285, but the bank had exercised restraint. Deutsche Bank is in the delicate position of pricing the public issue of a group it already owns, rather than acting as agent for another owner. The bank is keen to head off any possible charges of overpricing. As it is, the bank looks set to make a hefty profit, almost certainly running into hundreds of mil-

lions of D-Marks, from its sale of the various Flick interests. It has already raised over DM 5bn from seiling off the former Flick stakes in Daimler-Benz and W.R. Grace, the diversified US chemicals group. On top of that, nearly DM 2bn will come from the Feldmühle Nobel offering.

DM 5bn it agreed to pay Mr Friedrich Karl Flick, former owner and

Feldmühle Nobel, the new holding for three key companies of the former Flick industrial group, will generate nearly DM 2bn (S910m) – a Deutsche Bank, said the buoyant son the group's isomer. But the feldmühle Nobel, the new holding ed to be beavily over-subscribed. bank also pledged it would later pay an extra sum to Mr Flick if the sale proceeds markedly exceeded the purchase price. Feldmühle Nobei succeeds the

former Friedrich Flick Industrie verwaltung, Düsseldorf, and draws Nobel (chemicals, plastic, explo-sive), Feldmühle (paper and board) and Buderus (iron, steel, capital

The combined group last year had sales of DM 9.6bn and net profit of DM 233m - in each case slight ly up on the 1984 figures. The outlook for this year is buoyant.

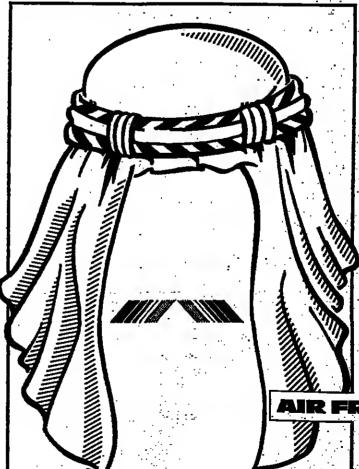
Commenting on the new issue Mr Christians stressed that the entire basic capital was on public offer

Deutsche Bank was retaining no staka - and that only ordinary shares, not preference shares, were

Many of the 44 new issues in Ger Deutsche Bank is thus netting far many since 1983 have involved nonmore than the original total of some voting preference stock.

Lex, Page 16

## AIR FRANCE AU MOYEN-ORIENT PLUS DE CONFORT AVEC STYLE



United Kingdom passengers flying to the Middle East should consider a change to their

routine. A change of style, A change for the better A change to

Air France flies you to 18 key. business centres via the ease and efficiency of Charles de Gaule, Terminal 2, From Manchester, from Birmingham, and from Landon. And, of course, there are convenie Paris services from many other

comfortable Airbus or 747 with the kocurious option of Air France Premiere Class. With the ultimate in Frenchwine and French cuisine combined with the highest standards of service.

Wherever your intended desfination, one phone call can arrange your flight, your hire car and your comfortable Meridien Hotel room. Air France to the Middle East. With a certain "Je ne sais quoi" no other airline can provide.

AIR FRANCE A

#### Companies ..... 17, 19 America . . . . . . . . . . . . . . . . 3 Companies ..... 17-19 Overseas ..... 4 Fin Companies ..... 21 World Trade ..... 4 Britain ..... 9-10 Companies ..... 22-24

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takes IBM: those that live in its shadow ..... 14 Libya: Gadaffi feels effects of Spain: King Juan Carlos's Israel: how bankers 'regulat- Lex: Hambros; Unilever; ed' share market boom .... 4 Feldmühle Nobel ...... 16 Inland Hong Kong: Cathay Pacific Revenue puts on squeeze.. 6 set for take off .......... 21 Editorial comment: UK mon- Technology: pulp making archy; competition ...... 14 without pollution ...... 28

local UK airports. From Paris you fly spacious,

# Early election likely in Spain as Gonzalez summons cabinet

Spanish general election on June 22 increased yesterday when Mr Felipe Gonzalez, the Prime Minister, called an extraordinary meeting of his cabiner.

Mr Francisco Fernandez Ordonez, the Foreign Minister, left the EEC council meeting in Luxemhourg ahead of schedule in order to attend the meeting. Mr Gonzalez was due afterwards to hold consultations with the King, ahead of the lattar's visit to Britain starting today. It was thought the decree to dissolve Partlament could he signed for publication in today's official hulletin.

If confirmed, the move would him of the elections forward hy Local Socialist officials have THE CHANCES of an early tactical move to take edvantage If confirmed, the move would hring the elections forward hy four months from the end of the current Parliament's fouryear term in October. The ganeral election would he set to coincide with elections for the regional assembly in Andalucia,

and the Deputy Prime Minister, Mr Alfonso Guerra. Local Socialist officials have heen anxious to have the full weight of Mr Gonzalez in a The national campaign behind them set to in order to hold their ground in the regional assembly, where regional assembly in Andalucia, they risk losing votes on the already fixed for June 22.

An early election would be a the weekend with Mr Jose KING JUAN CARLOS and Queen Sophia of Spain hegin a three-day state visit to Britain today, the first by a Spanish monarch in 80 years, writes Robert Graham.

Although both have close blood tles with the British royal family, the visit comes after the Spanish monarch has been on the throne for more than 10 years. The long delay emphasises the sensitivity of the issue of Spanish claims to sovereignty of Gibraltar which have been a source of constant friction in Angle-Spanish relations.

The King will address hoth Houses of Parliament tomorrow. This is the first time that a reigning monarch has addressed both houses in epecial session and onderlines Britaio's desire both to honour the role played by King Juan Carlos io the transition to democracy in Spain and to put Anglo-Spanish relations on a firm footing. The King is also expected to invite Queen Elizabeth to Spain. Mrs Margaret Thatcher, the Prime Minister, who has never visited Spain while in office, is likely

to make a visit, too. . .

Juan Carlos will be accompanied by the Spanish Foreign Minister, Mr Francisco Fernandez-Ordennez, who will hold talks with his opposite number, Sir Geoffrey Howe, which will include examining ways of making quicker progress on

Gibraltar.

The last Spanish monarch to visit the UK was Alfonso XIII, the present King's grandfather. He came in 1905 in search of a bride. Coincidentally, King Juan Carles first met Queen Sophia in England at the Duke of Kent's wedding. The King and Queen will be staying at Windsor Castie where tonight there will be entertained at a state banquet. On Wednesday, after his address to Parliament, Mrs Thatcher will host a lunch at 10 Dewning Street, and in the evening there will be a hanquet at the Gnildhall. On Thursday, the King will visit Oxford University where he will be made an honorary dector of civil law. The royal couple leave on Friday morning.

a new challenge on the left. Meanwhile, the right-wing Popular Coalition is in a weak state after the Nato campaign, in which it called for absten-tion. Divisions among the times parties which compose it were shown up by sharply contrast-ing reactions to the US action

Another factor is the desire to cash in on Spain's entry to the EEC before awaiting for any adverse effects of member-ship to make an impact. Mr Carlos Solcchaga, the Finance Minister, is also anxious to avoid delay in passing next year's budget.

Against these arguments some held that Spain needed time to recover from the wear-and-tear which the Nato cam-Rodriguezde la Borholla, president of the regional government in Seville.

On a national level, the case for an early election is founded on a helief among Socialists developments between now and that in the present climate they the antumn in both the political can maintain their absolute and economic fields.

Moves towards a reunification of the splintered Spanish Compaign wrought on electoral enthusiasm and that abstention in June risked being high— especially with the World Cup on in Mexico.



Mr Felipe Gonzalez: keen to complete his electoral:

# French privatisation bill faces stormy passage in Assembly

BY DAVID HOUSEGO IN PARIS

Assembly today for what is expected to be a hrief hut stormy debate.

The government cut short disit was before the Finance Com-mission of the National Assembly last week.

The bill will enable it to privatise the nationalised sector hy decree as well as to carry through key elements of its programme of deregulation. Mr Robert-André Vivien, the neo-Gaullist RPR acting president of the commission, sus-pended discussion of the bill after only 15 bours' debate

He accused the Socialists of trying to "obstruct" the bill after they bad put down 207 amendments. In all Socialists, Communists end National Front deputies bad tabled 396 amend-

Mr Jacques Chirac, the Prime Minister, is equally expected to cut sbort debate on the bill when it comes before the Assembly this week.
He can do this under a con-

stitutional procedure which allows a government to make

**Assets** 

Liquid Assets

Bills of Exchange

Other Advances

Miscellaneous

Fixed Assets

Expenditure

Depreciation Other Expenses

General Expenses

Interest and Commissions

Provisions for Contingencles

Bankcompanie Luxembourg.

Securities

**Balance Sheet** 

and with Central Banks

of more than one month

maturing within one month)

Balances with Banks for agreed periods

**Profit and Loss Account** 

THE FIRST legislation of deputies regard the hill as a France's new conservetive major item of legislation on government enters the National Assembly today for what is Assembly.

> Apart for providing for denationalisation, the legislation will allow the government to life price controls, put through a new competition code end make possible more part-time working through changes in the labour laws.

Mr Jean Le Garrec, a former Socialist Minister, has accused the government of "feeing from debate" becsuse it is divided and uncertain of what

The tactic of putting down s large number of amendments to block legislation was developed by the right while in opposition and used against the opposition and used against the press and education laws brought in by the Socialists.

But in both cases the Socialists allowed more debate in commission than Mr Chirac's administration permitted last

The government's defence is that enabling legislation is by its nature general in tone and brief in content. It thus sees the Socialist amendments as deliberately obstructive.

In this case, the Opposition can put down s motion of censure. But if this fails, the text goes through without modification.

Socielist and Communist before the week is out.

**Summary Financial Statement** 

(in million of DM)

22,893

1,663

The itemized Balance Sheet and Profit and Loss Account will be published in the "Memorial - Recueil Special des

Sociétés et Associatione du Grand-Duché de Luxembourg". For your copy of the Annual Report in English, German

Compagnie Luxembourgeoise de la Dresdner Bank AG - Dresdner Bank International - 26, rue du Marché-aux-Compagnie Luxeriixon geologica de la Science Comit AG - Descriter paris internanonal - 26, rue du Marché-aux-Herbes, P.O. Box 355, L-2013 Luxembourg, Telephone 47601, Telex 2558 DRINT LU (all departments); Telephone 42 81 6, Telex 2302 DRIFX LU and 2308 DRIFX LU (Euromoney/Foreign Exchange/Precious Metals/Securities); Cable:

as of December 31, 1985

- Cash, Balances on Postal Cheque Account

- Balances with Banks at sight (Incl. those

#### Oil groups urge easing of Norway tax burden

By Fay Gjester in Oslo AN URGENT appeal for changes in Norway's petro-leum tax regime, to offset the effect of lower oil prices, has been made by 14 of the 15 oil companies operating on the Norwegian continental

Only Statoll, the state oil company, has not hacked the plea, made yesterday in a letter to the Ministries of Finance. Petroleum and

Planned development projects which were ettractive when oll prices were high are no longer worthwhile, they claim under existing taxation and licensing conditions.

The oil companies record that tax levels were raised in 1975 and in 1980, to match rising prices. Now that prices have fallen, in real terms, to below the 1975 level, taxes should also come down, they

Meanwhile, deliveries of gas from the UK side of the Anglo-Norwegian Frigg field were yesterday shut down, for the second day running, when Norwegian production workers on the UK sida struck in sympathy with colleagues affected by a lock-out on the Norwegian side of out on the Norwegian side of the field.

 Norway's right-centre Finance Minister from Friday. Mr Arne Skange, 38, a reminded the East Germans former Minister of Trader, will replace Mr Rolf Presthus, who will become Defence Minister.

I good in the five-year plan to hy Mr Gorbachev who again fulsomery praised the East Germans for its economic successes. At one point Mr Gorbachev shortcomings."

Liabilities to Banks at sight

of more than one munth **Current Accounts and Deposits** 

than one month)

Provisions for Contingencies

Miscellaneous

Subordinated Loan

Capital and Reserves.

and Depreciation

Interest and Commissions

Release of Provisions for

Contingencies and Depreciation

(incl. those maturing within one month)

Liabilities to Banks for agreed periods

- Current Accounts (incl. deposits

maturing within one month)

- Deposits (agreed periods of more

# Industrial output up 6.7% in Soviet Union

SOVIET INDUSTRIAL output grew by 6.7 per cent in the first quarter of the year compared to the same period in 1985, the highest rate of growth in a single quarter for many years. The high rata of growth in the economy will be very welcome to Mr Mikhail Gorbachev since it comes in the first since it comes in the first quarter of the present five-year plan end may be an indication that the changes he has made, nrincipally among senior min-isters, are having an impact.

Labour productivity rose by 6.3 per cent and this accounted or 94 per cent of the increase in output. There was a substan-

BY LESLIE COLITY IN EAST BERLIN

EAST GERMANY'S Communist

Party congress ended yesterday with a mandate to continue its

with a mandate to continue its policies without the self-criticism and economic reforms advocated by Mr Mikhail Gorbachev, the Soviet leader.

Mg Erich Honecker, the 73-year-old East German President, was re-elected as the party's general secretary, His remarks at tha congress contrasted wividity with those made by Mr.

vividly with those made by Mr

Gorhachev. The East German economy,

he said, had achieved ell its goals and would be further per-fected to meet the ambitious

Liabilities

10,115

7.548

1,980

366 152

670

897

22,893

Revenue

1,663

comparison with the same period last year when output was low because of very cold winter which hadly disrupted transport. This implies an underlying rate of growth in industrial output of 4-5 per cent.

yeer, totalled 147m tonnes in the first three months and appears to have reached a plateau—though et a high cost to investment.

that their party could not be expected to engage in open self-criticism as East Germany

was at the front line of the Warsaw Pact alliance. This view

bas apparently been accepted

Enropean parts of the country, while open cast mining in Siberia and Central Asia has been slower to come on-stream than expected.

Production of mineral ferto raise agricultural output, in-creased by 13 per cent com-pared to last year. State pur-ehases of cattle end poultry rose by 7.6 per cent and milk and eggs by 6 per cent. again encoureged hy a mild winter hy Soviet standards.

in output. There was a substantial rise in the output of key commodities such as oil, coal, construction materials, timber cent to 194m tonnes over the and mineral fertilisers which had previously lagged.

The official report on the first the industry's performance, quarter warns, bowever, that that increase in growth is in and more expensive output in the figures.

The campaign against alcohol started nine months ago and, together with tighter discipline in the factories, may have contributed to higher productivity. The Government's reaction to the figures has been cautious,

however, hecause many of the economic changes are still only being planned or have just heen introduced and therefore have not contributed to the better economic figures.

Mr Gorbachev said during a visit earlier this month to the motor plant at Togliatti, east of Moscow, that the main theme of reform remained strong strategic control of the economy from the centre and the decentralisation of management decisions away from Moscow. He emphasised that there should he "direct dependence of payment for labour on the

#### **OECD** says **Dutch** need budget deficit cut

THE NETHERIANDS must cut its government budget deficit further in a bid to foster accordance growth and labour market flexibility, according to the annual survey by the Organisation for Economic Cooperation and Development (OECD).

A smaller budget deficit through lower government

A smaller budget descrit through lower government spending would allow cuts in taxes, among the highest in the OECD, thus helping increase work incentives, the survey says. Less presure on the capital market should lead to lower interest rates and fuel husiness investment end consumer spending.

The budget descrit as a percentage of net national income

centage of net national income is forecast by the Dutch Central Planning, Bureau to shrink to 7.8 per cent this year from 8 per cent in 1985.

Growth in gross domestic product is forecast to slow to product is ferocast to slow to a modest 12 per cent this year from 2 per cent last after averaging the slowest pace in the 24-member OECD over the past five years. Sharply lower output of natural gas and oil will destrois spontante growth more than in hany countries because the Netherlands is energy rich.

The OECD report is likely the intensify public debate about how to compensate for plunging state revenues from

plunging state revenues from gas by arguing for government spending cuts instead of tax rises. "It would appear essential that lower gas revenues should not lead to a higher tar burden which could reverse directly or indirectly the recovery of the market sector."

the survey says. It also urges improved work incentives as a way of combat-ing persistently high unemployment, now around 15 per cent. Unemployment benefit reforms that are to take effect next October may in the long run increase johless workers' willingness to look fer new employment, the OECD conemployment, the OECD con-cedes. But what is needed is an

cedes. But what is needed is an educational system that reacts quickly to the market place and more flexible workers willing to take jobs in growing industries.

Greater differentiation in wages also could help funnel workers into the sectors where there are labour shortages, such as high-technology manufacturing, and away from those factoring, and away from those

facturing, and away from those with surpluses, such as service industries. The OECD also advocates that "caution should be exercised in further shortening working time such that increased rigidities and higher unit costs are avoided."

Looking to 1986, unemployment is forecast to fall only slightly due to the structural mismatch. The largest balance of payments surplus is expected to shrink slightly to between FI 15.50n-FI 16bn (£3.9bn-£4.1hn) from FI 18.3bn in 1985 as weaker gas prioas in 1985 as weaker gas prioas arode the trade account. The inflation rate is seen falling to zero per cent in line

sumption is predicted to grow by 3 per cent this year, the fastest in many years, as diminishing inflation and lower taxes and social security pre-miums leave more disposable

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# traditional mining areas in

Nevertheless, the figures are significant because they show that sectors which had experienced small or negative rates of growth are beginning to expand faster. Oil production, which fell 3 per cent this

At the same time diplomats here suggest that Mr Gorha-chev's economic measures are

Praise for all at E. German party congress In remarks aimed at conser- that the initials "DDR" for vatives in his own party and Deutsche Demokratische Rethose of his allies, Mr Gorba- publik (German Democratic chev said it was sometimes Republic) were translated in asked whether the Soviet party the Soviet Union as ideating

publik (German Democratic Republic) were translated in the Soviet Union as meaning "Davai, Davai, Rabotai (Quick, asked whether the Soviet party the Soviet Union as meaning had not "overdone its self-"Davai, Davai, Rabotai (Quick, Criticism" and was not in danger of "fostering anti-Communist propaganda," The opposite was the casa, ha said, quoties was the casa, ha said, quoties which provides for economic growth of 24 to 25 per centicity. the same or even higher than in the last five years—and an increase in industrial produc-tion of 22-24 per cent. Net wages are to rise by 21-22 per

Mr Honecker announced that private household plots, as were weges for another 45m workers allotment gardners. Many would be largely based on more such garden plots are to productivity. He also disclosed be distributed to covarpemple

including a fully-paid year at home for working mothers after the birth of their first child.

the birth of their first child.

He noted that while prices for essential goods, transport and rents would remain low, those of higher quality consumer goods would reflect the real cost of producing them.

He praised the role of private tradesmen and indicated they would receive increasing support from the Government, which has allowed many more of them to open retail shops. Similarly, Mr Honecker said collective farmers were making an essential contribution to food supplies from their private household plots, as were

productivity. He also disclosed be distributed to two specific social measures to boost East in East Germany's sagging birth rate, years.

# Portuguese bank in bond launch BY DIANA SMITH IN LISBON

PORTUGAL'S LARGEST comarcial bank, Banco Portugues do Atlantico (BPA), yesterday became the first public institution to raisa fresh capital from the general public 11 years after banks were nstionalised at 20.5 per cent annual interest.

The move is likely to encourage banks to improve their performance which has been hautopered by a mountain of the other two thirds constitute a fixed income bond offered at 20.5 per cent annual interest.

Holders of the bonds, which

after banks were nstionalised by revolutionary decree.

It has been a month-long have a 10-year term, are entitled to bonus issues when the first of French inspiration that is part fixed income hond, part equity. A third of each of the 3m bonds to he issued at a nominal value of Es 1,000 each counts as equity, entitling the holder to a dividend and a vote at 20.5 per cent annual interest.

Holders of the bonds, which have a 10-year term, are term, are entitled to bonus issues when ever the benk increases its tenders worth Es 3bn for 13 sets of rosdworks covering nearly 290 km mostly in the country bas a generally bad read system which has received little investment in the past 20.5 per cent annual interest.

Holders of the bonds, which are important to bonds in the sive time deposits and tight government control on lending, and chronic overstaging, and chronic overstaging and chronic overstaging.

Portugal is putting out tenders worth Es 3bn for 13 sets of rosdworks covering nearly 290 km mostly in the country bas a generally bad system which has received in the deposits and tight government control on lending, and chronic overstaging.

The deposite and tight government control on lending, and chronic overstaging and chronic overstaging and chronic overstaging.

For the bonds, which is government control on lending, and chronic overstaging and chronic overstaging and chronic overstaging.

For the deposits and tight government control on lending, and chronic overstaging and chronic overstaging and chronic overstaging.

For the deposits and tight government control on lending, and chronic overstaging and chronic overstaging.

For the deposits and tight government control on lending, and chronic overstaging.

For the deposits and chronic overstaging and chronic overstaging and chronic overstaging.

For the deposits and chronic overstaging and chronic overstaging and chronic overstaging.

#### Big drop in number of **US** tourists

By Paul Betts in Paris

ABOUT 1m fewer American tourists are expected to visit France this year because of the combined impact of the higher US dollar and fears over terrorism, Mr Jean-Jacques Descamps, the new French Secretary of State for Toursim, said

In his first public remarks since taking office, Mr Descamps said the number of American tourists coming to France this year was likely to be between 25 per cent and 30 per cent lower than last year when about 3m America visited the

The new Secretary of State said he was preparing a marketing oper-ation with representatives of the tourism industry and of the French Interior Ministry to try to halt the current fall in the number of American tourists.
Tha declina is particularly worry-

ing for the French tourist industry because Americans, according to Mr Descamps, usually spend more money than other tourists and stay longer. Americans account for about 10 per cent of the tourists who visit France every year. France's tourist surplus last year totalled a record FFr 31.5hn (\$4.5bn).

# Statement on Waldheim by Austrian President

BY PATRICK BLUM IN VIENNA

in the Balkans during the Second
World War.

He has vehemently denied the

Dr Kirschlager is a highly respected and popular President but his decision to step into the con-

so turned the presidential campaign into the most bitter election
in Austria's post-war history, raising fears of a resurgence of antiSemitism.

abroad could further feel the tow
within Austria. He is now in the uncomfortable position of having to
pass judgment on his possible
successor.

Earlier this month, Dr Kirschlag.

DR RUDOLF KIRSCHLAGER, the pear to have affected Mr Wald-Austrian President, will make a heim's election chances and he still

Austran President, will make a heim's election chances and he still special address to the nation to-night in a bid to calm passions roused by allegations about the past of Dr Kurt Waldheim, the former UN Secretary-General and the lead-networks during an extended networks during an extended network during an extended networks during an extended network during an extended network during to zero per cent in line with the worldwide downward trend the cause of cheaper energy prices and the startly with the worldwide downward trend the cause of cheaper policy. UN Secretary General and the lead-ing candidate in Austria's presi-bulletin, the President's Office said dential election next month.

Dr Waldheim is at the centre of an infernational controversy follow-less than three weeks before voting income.

ing allegations that he was a mem-ber of Nazi organisations and that he was implicated in Nazi atrocities in the Balkans during the Second

Or Kirschlager is a highly re-

allegations but the controversy has troversy because of the damage it is deeply soured relations between doing to Austria's reputation Austria's political parties. It has all abroad could further fuel the row

Semitism.

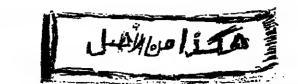
The conservative People's Party which supports Mr Waldheim, has crime file on Dr Waldheim and docursed the Socialist Party of masterminding a "slander campaign" gress in an effort to clear the conagainst him and described the allegations raised by the US-based World Jewish Congress as "foreign interference" in Austria's internal affairs.

Earlier this month, Dr Kirschlager asked to examine the UN's war crime file on Dr Waldheim and documents.

Dr Waldheim agreed to this procedure but he has also said that he presidency because he had nothing to fear from the documents. affairs.

presidency because he had r
The row, however, does not apto fear from the documents.

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# Cuomo supports proposals for insurance reform

BY TERRY DODSWORTH IN NEW YORK

GOVERNOR Mario Cuomo, of New York, has thrown his within a certain band.

The Governor also wants new limitations on policy cancellations in both the local regulatory and legal systems.

The Governor also wants new limitations on policy cancellations and the creation of an office of consumer advocate. All of these steps would answer Democratic Party concerns for

systems.

The legislative programme, which will be closely watched because of the importance of New York in the development because of the importance of insurance pools among municiNew York in the development of insurance pools among municinew York in the development of insurance pools among municipalities. This is currently forbidden in New York state, is likely to receive a mixed to but would "result in reduced underwriting costs and make insurance more available and future presidential candidate affordabla for consumers," the avoided some of the more ex
Tho Governor, a possible insurance more available and affordabla for consumers," the convergence has rejected the self-

tremo proposals for controlling the insurance industry or re-

the insurance industry or reforming the tort laws, and has pain and suffering claims to already been attacked by both insurers and lawyers for being soft on the other side.

The proposals are notably less hostile to the legal profession than those put forward recently by the central government, which suggested placing a cap on lawyers fees in hability actions.

The proposals are notably lower some way in answering pleas to limit awards under rules, which have allowed plazintiffs to pick up hig settlement, which suggested placing only partial blame for an accident. Only in certain cases would defendants be held. recently by the central govern-ment, which suggested placing a cap on lawyers fees in Habi-

lity actions.

They would also introduce regulations to control pricing in the insurance sector—a consequence of the Governor's belief that the present disarray This reform is expected to belp local governments in particular, since theyl are often sued by defendants when only marginally at fault, because they are the best able to pay. The proposed reforms, the Governor said, would demonstrate that the state could deal with the liability problem "without restricting the legitimate rights of victims to seek in the liability system is due to mistakes by the insurance

Among the proposals are: • The abandonment of the free market in insurance rates and the establishment of a flexible rating system that would allow mate rights of victims to seel insurers to raise and inwer justice in our courts."

asylum in St. Vincent By Carrie lames in Kingston

MR JAMES MITCHELL, the office of consumer advocate. All of these steps would answer Democratic Party concerns for

Marcos

requests

By Casace James in Elegation

IRE JAMES MITCHELL, the
Prime Unisher of St Vincent
in the eastern Caribbean, is
seriously considering a proposal by Mr Ferdinand
Marcos, the exided Philippine
leader, to move with his
family to the islands.

Mr illitchell said Mr Marcos
had saude an "informal"
offer of 365m (545m) for
asylum: This would help finance building of an international alryort on the cashstrapped island of 120,000,
Faced with serious domestic political opposition to
the idea, Mr Mitchell has set
conditions, besides the deposit of funds into the
country's foreign account.
The Marcos faintly would
have to live on a leased property on an uninhabited
island that forms part of the
St Vincent archipelage.

"As a practical man, and
given the financial circumstances of these islands, I
would give any offer a serious
thought... We might be able
to accommodate him," he said.
Mr Hudson Tannis, opposition Labour Party leader,
said Mr Mitchell's manner
was "eavalier." "Our
country is far too small to
withstand the effects of bringing Mr Marcos and his wife
here. Protecting the consumer.
Support for the creation of Governor has rejected the call for limiting court awards for pain and suffering claims to \$250,000 (£167,000). But he has

Jane Arraf, Reuter correspondent, says the language of commerce is gaining acceptance

# English undergoes a renaissance in Quebec

the sign advertising Mose Wilenshy's Light Lunch counter.

The sign is actually illegat in Canadians could work in their agency Quebec anglophones own language.

French-speaking province. But the provincial government's surrounded by a sea of English.

Canadians could work in their agency Quebec anglophones dubbed the language police."

Quebec, on the US border, is Bill 101 lurned Vito's corner store into Chez Vito, Randy's reluctance to fine nwners of Culture is dominated by US and the such hustingeess for not treine. such businesses for not using the French name—"comptoir" for hunch counter—is evidence that Quebec is becoming comfortable with its English and French heritage.

As the once, fiercely-French province gains confidence that the French language is not in danger of being erased, English for so long the language of commerce, is regaining acceptance. While there are still enclaves of people who speak only French or English, the polarisation of Quebec's two founding cultures seems to be

"I'm proud to be speaking French, but if I want to go out of Quebec, out of Montreal, I need my English." Mr Pierre Cardin, a bilingual 25-year-old

lawyer, said.

"We have in protect our language, but the rest is a question of politics," he added.

"For me, if they want to speak French, I'll speak French, if they want to speak french.

FRANCOPHONE Quebec is Ten years ago, a young profescial signs be in French only. Recent public opinion polls changing and indications of the sional would probably have been the law hit not only at the have indicated that most fine ago advertising Moe Wilensky's Light Lunch counter. Recent public opinion polls the law hit not only at the have indicated that most fine law

English Canadian television, Notre Dame de Grace Kosher movies, magazines and music, Mear Market into NDG Marche.

Adult French speakers are enrolling in English classes in record numbers. This semester, 400 students were turned away because of lack of room from English language courses at Laval University. In other universities English is increasingly required

and most urban francophones understand English, even if road signs and sought to they do not speak it. Its population, at 6.5m, while predominantly French, accounts for just a quarter of Canada's total population.

It also removed English from road signs and sought to ensure that French-speaking dominantly French, accounts for just a quarter of Canada's served in French.

Perhaps most importantly.

Most of the recent, pro-French changes of recent, pro-french changes of recent years are duc to Quebec's former Parti Quebecois government, which favoured separation by Quebec from the rest of Canada. In 1977 it implemented a sweep-ing and commonstal language

vince to pursue economic goals instead.

Last year, Quebec's highest "If we had more money from court ruicd that the sign section the university and government,

will relax parts of the bill and allow bilingual signs nace it Bill 101 turned Vito's corner hears the court's decision.

Lise Chicoine of the Commis-sion de Protection de la Langue Francaise said the commission is still enforcing other parts of the hill, such as ensuring proare often unavailable in French,
ducts are labelled in French.
"In the finance world you've

The PQ, now in opposition, accuses the Liberal Government of allowing Montroal the pro-vince's commercial centre, to "line its French (ace and character." Quehec's language council has asked the government to set out a cloar-cut policy on signs. Schools are another area where evidence of the more reluxed language climate can be seen. Adult French-speakers are

enrolling in English classes in record numbers. This semester, 400 students served in French.

Perhaps most importantly, the law defused the separatest guage classes at Laval University in the 1970s and led the profrancophone university, whereas in other universities, English is

French, I'll speak French; if law, entrenched the right of they want to speak English, I'll speak English."

Mr Cardin typifies the attitude of many young franchophones.

In 1977 it implemented a sweeping and controversial language of Eill 101 contravened the prowe would have thousands and thousands of Quebecers who guarantees the right of expresof the francophona majority to speak and write French at work appealed the decision and the second language department, said.

to their children starting in the first year of schooling, when anglophone children are now required to start learning French, instead of the fourth

A PART OF THE STREET

For working Quebecers, head offices of many large companies are in Toronto or the US, and computer software and manuals

"In the finance world you've always had to know English if you want to get ahead, that's why most of our people here who are not too familiar with English are taking English lessons, paid for hy the Quebec government," Mr Jacques Trem-hlay, a Quebec government figance department official, said. Mr Tremblay sent his three children to English camps whon

they were young. "I knew it would be an asset." he said. The combination of English The combination of English and French gives Montreal much of its vibrancy—people, more often franchophono than angliphone, slip easily in and nut of both languages. The resurgence of English, however, has come member werried that has some people worried that while French will not be lost, it may be eroded.

But, as other French-speaking territories have found, even tho most diligent policing would probably not wipe out phrases like "avec bucket seats" or "un hamburger all-dressed."

# Titan crash 'creates Pentagon blindspot'

THE US may be without any functioning photographic spy satellites after last Friday's explosion of a Titan 34-D rocket carrying a secret payload, making the nutlook for Pentagon intelligence gathering rather worse than had previously been thought.

That is the theory of Mr Anthony Kenden, a UK aeraspace expert, who says that he Titan may have been intended to put in orbit a replacement for a previous spy craft that here particularly inferesting in military terms, the Middle East for that become faulty. satellites after last Friday's

had become faulty. Hitherto, it has been assumed that the Titan launch,

the second failure in a row for this vehicle, had been due to eject into space a KH-11 spy satollite, manufactured by TRW, to complement one that

TRW, to complement one that is already functioning.

If Mr Kenden's theory is correct, the US has nn spacecraft capable of keeping a watch nn sensitive parts of the world. Such spy craft are indispensable in monitoring missile bases and the movement of troops in the societ Union and the rest of Soviet Union and the rest of the Eastern bloc. The vehicles play a vital part in monitoring

The US has no way, at least for the conceivable future, of safely putting into orbit new spy vehicles. The shuttle fleet, which can lift a 14 tonna spy which can int a 12 tonia spy satellite into polar orbits, is out of action following January's explosion of the space shuttle Challenger.

Following Friday's incident and an earlier Titan failure in August, when a similar satellite

was destroyed in an explosion shortly after the launch, there is also a question mark over the Titan 34-D, manufactured by Martin Marietta Corporation.
The Titan 34-D started operation in October 1982 and is the latest in the Titan series of rockets which made their flight debut in 1959. It was built to act as a back-up to the space shuttle and can lift payleads of

roughly the same weight as the shuttle. Before the accident in August, seven Titan 34-Ds had lifted off without a hitch. These rockets, together with launching spy craft, are also used to take Defence Department communi-cations satellites into the high osynchronous orbit 36,000 km above the earth.

Apart from the shuttle and Titan, the US Air Force has at its disposal a number of other expendable rockets such as the Atlas Centaur and the Delta. But these can life into orbit and applications of the control of th payloads of no more than about 3 tonnes, far below the weight of a modern spy satellite.

The Pentagon normally likes to keep in orbit at any time two KH-11 craft. The vehicles carry

would defendants be held jointly liable, and thus subject to these high damages awards. This reform is expected to

instance.
Mr. Kenden bases his reasoning about the inoperation of the current KH-11 craft on the fact that the launch of Friday's Titan, which exploded seconds after lift-off from the Vanden-

The explosion of a rocket seconds after lift-off may have deprived the US of a vital spy satellite, reports Peter Marsh

fornia took place in the morn-

ing.

It had been due to place in nrbit a KH-11 vehicle which would have zoomed over the same place on the ground at about 11 am local time at periods separated by four to

periods separated by four to eight days.

It seems likely, therefore, that the craft had been due to replace the existing "morning" KH-11 satellite, launched in December 1984, which may have suffered a fault.

In contrast, the planned launch in August of the earlier spy satellite had been of an "afternoon" satellite.

That had been a direct replacement of another afternoon craft which the US Air Force had routinely switched off a furnight earlier after a life of three years.

three years.

The net result is that the US certainly has no afternoon satellites in orbit and its current

morning vehicle may be crippled. Mr Kenden is one of a small band of serospace experts who monitor the launch and opera-tion of spy craft. The Pentagon never coments on which of its

never coments on which of its spy satellites are in orbit, nor what they do.

The Vandenberg Air Force Base would say only that the Titan involved in Friday's mishap was carrying a classified payload. The Air Force has set np a committee to inquire into the accident. The problem may involve the solid-rocket boosters on the Titan

#### **US** farm exports fail to take off

By Nancy Dunne in Washington

US FARM exports are getting cheaper, but the bargain price plus millions of dollars' worth of have done little so lar to boost

At the same time, US food inports are increasing and narrowing the invourable agricultural trade balance which the nation

has enjoyed for years.

The Reagan Administration gambled last year in pushing through: a farm bill which allowed for a drastic cut in American can grain price to make the American larmer competitive again." Prices have tumbled feed grains, wheat and soyabeans are 5 to 15 per cent lower than last season – but the volume of exports has shown little sign of

Between October and February, the value of American form exports dropped 20 per cent below the previous year to \$12.6bn, the Agriculture Department (US-DA) reports. In its last forecast of 1986 sales, the Department predicted exports would fall to \$28hn from \$31hn in 1985, and it said the volume would drop from 125.7m metric tonnes to about

1225m metric tonnes.

Meanwhile, food imports, which have been steadily rising since 1982, are expected to pass 120m tonnes for a new record.

The continued export slide may be temporary. The USDA says many importing countries have deferred grain purchases and have been using up domestic stocks while waiting for prices to fall still further.

But there are other reasons for falling demand. World supplies are enormous. Combined global are enormous. Commined global stocks of wheat, coarse grains, rice and soya beans are expected to exceed the quantities consumed during 1985-86 by about 20 per cent. The surplus the year before was 16 per cent.

The USDA is trying to boost sales through an aggressive four-year \$870m export promotion scheme, which mostly provides other market-developing activities. Last week it anno grants for the promotion of wal-nuts, citrus, raisins and canned fruit industries, all seen as victims of "unfair trade" practices by the EEC.

The controversial export enhancement programme which provides millions of dollars in government-owned crops for cently, Mr Richard Lyng, Agriculture Secretary, announced that subsidies would be available for the sale of dairy cows to Tur-key, Morocco and Egypt, an addi-tional Im tonnes of non-durum wheat to Algeria, 300,000 tonnes of wheat to Tunisia, and 200,000 tonnes of wheat to Yngoslavia.

FIRST CITY BANCORPORATION OF TEXAS, INC. US\$100,000,000 FLOATING RATE NOTES DUE JANUARY 1995 accordance with the provise the Notes, notice is hereby given that the Rate of loterest for the three month period 22nd April. 1986 to 22nd July. 1986 has Been

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MAN'S LANDMARKS



The Railway Station

# KUALA LUMPTR

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Reagan 'attempting to link Sandinistas to terrorism' Washington probably would MR DANIEL ORTEGA, the Nicaraguan president, says the Reagan Administration is looking for a pretext to bomb or lovade Nicaragua through a campaign linking the Sandinistas to terrorism, Reuter reports tas to terrorism, Reuter reports Press Nicaragua.

Washing the Nicaragua's ruling Sandinistas National Liberation front (FSLN) for a bomb attack on the US consulate in the Costa Rican capital of San Jose last Thursday that injured four Costa Ricans.

President Reagan, in a campaign the Reagan in a campaign that the Reagan in the Reagan in the Reagan in the Reagan and the Re MR DANIEL ORTEGA, the

They have launched a campaign to try and make the North American people think that Nicaragna promotes terrorist actions." Mr Ortega told 1,000 agricultural workers at a state

coffee plant south of Managua. Washington was circulating reports that the Libyan embassy in Managua was planning to attack US bases in neighbouring Honduras, Mr Ortega said. "They (the US) are looking for a pretext to bomb or invade us."

President Reagan, in a campaign to win approval for increased US funds for the so-called Contra rebels fighting the Managua government, has described Nicaragua as a "safe house" and "command post for international terrorism." fixed at 612 per cent per annum at US\$172.20 on 22nd July. 1986.

Mr Ortega warned that US troops on exercises in Honduras would be at risk if they entered into combat in "frontier terri-tories" in support of the

# The financial squeeze on Gadaffi

COLONEL Musmmer Gadaffi may bave his hands full at present coping with external threats to his country, but scarcely less challenging to the country's stability in the longer term is the financial squeeze caused by the slide in oil prices. Since 1980 wheo Libya earnod \$22bn (£14.9bn) from oil exports, reveoues have plummeted. Last year they were about \$10bn and prospects this year are for a further sharp reduction in earnings, possibly reduction in earnings, possibly to around \$5bn if prices con-

tinue depressed. The collapse of the world oil market and its impact in Libya seems likely to have a more salutary effect in Col. Gadaffi's international activities than any programme of economic sacctions mounted by the US and its The drop in oil revenues has,

in recent years, forced Libya to curtail an ambitious developmeot programme, reduce its arms porchases, imposo austerity on its people and expel thousands of foreign guest workers, thereby adding to teoslons with its neighbours

— Egypt and Tunisia — who
supplied many of the workers.

There are persistent reports
of shortages in the shops and markets of certain items, includ-ing fresh fruit and vegetables and meat. A visit to state-run supermarkets reveals rows of

The apparent deferral of a decision on Libya's dinars 1.1bn (\$3bn) 1986 civil budget by a recent session of the Geoeral People's Congress, the substi-Government is having difficulty dolng its sums for this year.

The oil market collapse will arrears on payments to foreign

Britons, W. Germans disapprove of raid

MOST French people sup-ported last week's US air strike against Libya, while the British and West Germans the British and West Germans strongly opposed it, according to a Newsweek poll published yesterday, Roginald Dale. US Editor, reports from Washington. The survey showed 66 per cent of Britons disapproving of the strike, which the British Government supported, and 30 per cent approving. cent approving.

cent approving.

In France, where the government refused US bombers overflying permission, 61 per cent supported the US action, and 32 per cent were against. The strongest disapproval was in West Germany, where 75 per cent overed the stella and west Germany, where 75 per cent oposed the strike and only 25 per cent supported it. In the US, where 71 per cent approved of the action, the poll showed President Ronald Reagan'e popularity continuing to rise. Mr Reagan reached an approval rating of 67 per cent after the strike, against 62 per cent just

publishing the budget may also be attributable to criticism of the country's highly centralised system of economic management by congress delegates.

Western commercial attaches creditors total between \$3hn-\$4bn, Some of this deht is at calculations about its likely \$4bn, Some of this debt is at 1986 revenues. The delay in least six years old and there appears little prospect of it heing paid under present condi-

Italy, the largest creditor, is owed between \$700m-8800m. It has reduced the amount from ahout \$1bn since signing an oil-barter agreement in July 1984. That accord has been subjected to continuous disruptions because of disagreements ovor

price.
Othor largo creditors include
Turkey, South Korea and West
Germany which are owed
between \$300m-\$500m each.
Military debt to the Soviet
Union, Libya's main supplier, is
believed to total about \$4hm. Libya has been, where pos-sible, settling its debts with oil. Since early this year it has started negonating netback arrangements with principal

Most Western credit agencies have long since stopped backing husiness with Libya. Sace of Italy suspended cover two years ago in the face of persistent paymonts problems to Italian companies companies.

Despite a dismal first two months of the year when its mil storago facilities were overtaxed and it was obliged to lease tankers to provide extra storage capacity. Libya has maintained production at about 1m barrels a day for the first quarter of 1986, according to Italy's Agip.

Agip bas a 50 per cent stake in the Bou Attifel field produc-ing 160m b/d. It also bas a management contract for the Bouri offshore field. Because of its relatively large dehts to Europe, Libya continues to bave a lever against possible sanctions. If trade restrictions wero imposed by EEC countries, Libya may be

US sanctions imposed on Libya from February 1, includ-ing a han on all trade and an embargo on loans and credits by US institutions, appears untikely to have much impact in Libya in the absence of corres-ponding measures by Europe. Libya's most ambitious infra-

structure project, the so-called Great Man-Mado River, which aims to bring water 1,000 miles from an inland reservoir to the coast for agricultural and iodustrial use, is expected to proceed without delay in spite of the removal of American employees of the consulting engineers, the US Brown and

The first stage is costing some \$3.29hn and Lihya recently decided to go ahead with an equally ambitious second stage which means that for most of oil prices robound strongly, prospects for new contracting husiness in Libya will not be nected with this scheme.

The prospects for the Libyan Libya managed last year to reduce its current account deficit on its balance of payments from \$1.850. According to the International Monetary Fund internetional reservos. excluding gold, rose by 63 per cent hetween January and November 1985 from \$3.3bn to \$5.4hn.

Libya's total outstanding "structured" debt (not including its substantial trade arrears) was \$2.5bn at the end of 1984.

according to the OECD.

This extremely low level of indebtedness by developing country standards gives Libya scope for additional horrowing. a rare luxury among the deht-ridden countries of Africa.

# Few Britons are planning to leave Libya

no signs of wanting to leave, the expatriate community to despite the current tensions. belp them leave. despite the current tensions.

Only a small number, tens
rather than hundreds have left
of the British knew of the diffisince Tripoli airport was re-culties of the situation caused opened, according to Whiteball by the severance of diplomatic

THE VAST majority of the emergency evacuation of British 5,000 British citizens living and citizens as London bas not working in Libya are showing encountered any pressure from

officials. Reports from the Libyan capital indicate there are a few others planning to leave, but that their numbers are small.

Britain is not making any special arrangements for an official special arrangements for an official special arrangements of the severance of diplomatic relations in 1984 following the shooting of a policewoman guarding the Libyan Peoplo's Bureau in St James's Square.

They clearly made the calculation that the economic rewards for expatriate employ-

ment outweighed the potential risks involved, an official said.

The weekend evacuation of some 30 British citizens from Moslem west Beirut has left only a handful still braving it out in one of the most dangerous cities in the world. Among the Britons departing for Cyprus were 19 teachers of English at the American University of Beirut.

Nora Boustany adds from Beirut: The departure of the teachers has brought condemna-

tion by local leaders of tha pressures which forced them out. Newspapers warned that the Lehanese schools and universities will be impoverished by the exedus.

Arah states for encouraging the "prowling wolves" who were chasing foreigners out of Lebanoo.

#### Tran claims success in defending Faw position BY OUR MIDDLE EAST STAFF seeks talks with rebels

in the Gulf war yesterday, in the attempt, beighteeing speculation that it There is open discussion in

beighteoing speculation that it may be about to lauoch a fresh offensive.

The Iranian news agency said that over 4,000 Iraqi troops bad been killed or wounded during fighting on the Faw peninsula during the past 48 hours. It claimed that heavy lossos bad beeo inflicted on four Iraqi hrizades.

There is open discussion in Tehran about the need for a major new attack following the call by Ayatollah Khomemi on March 24 for additional volunteers. Mobilisation has been stepped up in several cities with daily departures of recruits for the front.

Although the volunteers are being dispatched to several

which Iran said had caused a number of casualties.

Iran seized part of the Faw peninsular in February and has managed to retain most of the managed to retain most of the Iraq should not be given time to reorganise its defences following the success of the Faw

hrigades.

Toe Iraqi regime was accused of "extensive deployment" of chemical weapons which Iran said had caused a north of Basra, Iraq's second

territory despite intense Iraqi to reorganise its defences fol-counter-attacks. Senior Iraqi lowing the success of the Faw commanders pledged to drive offensive.

# Sudanese right-wing party

in 18 years is to seek talks with the rebel leader Col John Garang in e bid to end tho three-year civil war. Polling ended last week and final results

forthcoming constituent assembly due to convene on April 26.

Party officials are reportedly pressing for a postponement of that meeting. Meanwhile Gen Fabian Long subsequently used in raids of member of the outgoing rebel positions in the south.

THE right-wing Umma Party of military council which seized

Mr Sadiq el Mahdi which looks power from former President set to win Sudan's first elections Jafaar Nimeiri in a coup last in 18 years is to seek talks with April, said yesterday "if Garang tho rebel leader Col John failed to talk with the elected Government it shows be now chooses a military solution to the war." In a related development, Sudan's Defence Minister, Gen Osman Abdullah, left for Libya yesterday where it is believed he will seek further military

are yet to como in. A senior Umma Party delegation leaves for the Ethiopian capital of Addis Ababa today to urge Col Garang's Sudan Peoplos Liberation Army (SPLA) to participato in the

Mr Nabih Berri, Lebanon's most powerful moslem Shi'ite leader, described the latest development as "a mark of sbame." The Druze leader, Mr Walid Jumblatt, blamed other

No one immediately claimed

Crypto AG

Following oor article of April 17, "How US hroke Lihyan codes." by Peter Marsh, we have been asked by Crypto AG to point out that neither the Libyan foreign office nor its diplomatic services ahroad have acquired cipbering equipment from the company during the past 20 years. The company says it is not aware that these services use any

#### Landmines injure three near Swazi frontier

By Anthony Robinson in Johannesburg

TWO landmines in the eastern Transvasi seriously injured three black men yesterday in a country district less than 100 kms from the border with Swaziland, where several African heads of state and other dignituries are due to meet on Friday at the coroustion of 18 year-old Prince tion of 19-year-old Prince Makhosetive.

Makhosetive.

The explosions, which came only two days after a bomb blast at a gambling casino in the Transkei killed two people, are still being investigated. But police strongly suspect the African National Congress (ANC), whose guerrillas placed a series of landmines in border areas of the northern Transvaal late. the northern Transvaal late last year.

Yesterday's first mine was detonated under a taxi travelling along a dirt road between the towns of Breyten and Chrisslesmeer, lacerating the driver and crushing the legs of his pasenger. The second blew up two hours later under a black tractor driver on a nearby farm.

In other violent incidents

yesterday across the country, police found the charred hodies of three black mea who had been "necklaced"—burned alive with fiaming rubber tyres around their necks—in squatter camps near Cape Town, while other blacks were killed in renewed faction fighting at Umbum-bulu, south of Durban.

Meanwhile, as the black consumer boycott of white shops entered its second week in the eastern Cape, community associations in Alexandra, the black township in the northern suburbs of Johannesburg where over 20 people died in clashes with the roller two months are the police two months ago, began their own rent and con-

#### Maputo blast hurts fifty

FIFTY people were injured, three of them seriously, by a car-bomb explosion in a residential area of the Mozamblean capital of Maputo yes-terday, according to a national news agency report quoted

The agency said the explosion occurred shortly before dawn in a tree-lined avenue, near offices and work-shops of a bus company. Two apartment buildings were heavily damaged and windows were broken 300 metres away.

responsibility for the hlasts, hut guerrillas of the Mozamhi-que National Resistance, opposed to the Marxist Government of President Samora Machel, bave been active in various parts of the

# THE BEIJSKY REPORT INTO THE 1983 COLLAPSE How bankers 'regulated' the rise of the Israeli bank share boom

THE Beijsky report into the Israell bank's shares collapse of October 1983 has proved to be as much a scrutiny of the problty of some of the country's loading financiers as an explanation of the causes of a highly damaging rout of small investors.

vestors.
Nothing quito like the judicial Commission of Inquiry which released its massive 560-page

released its massive 560-pago report on Sunday night, has happened before in Israel.
Government-appointed, inquiries have been set up into previous affairs of great national importance: notably the October 1973 war and the massacre of Palestinian refugees in the Beirut camps in 1982.

But no previous Government-appointed commission has had appointed commission has had the hroad, all-embracing sweep of that headed by Snpreme Court judge Moshe Beijsky. It was an Inquiry as much into the financial mores and morality of the particle leading figures the financial mores and morality of the nation's leading figures, as it was into the causes of a crash which could have wiped out the savings of hundreds of thousands of small investors and, simultaneously, had disastrous consequences for the banking system as a whole.

Until the great crash of October 1983 bank shares were the pilt-edged investment for

the gilt-edged investment for private individuals, the best wey of bodging against run-away inflation. Bank share values bad risen steadily in an unbroken noward line for the previous seven or eight years to stand et a market capitalisation of three times their institu-

tions' registered capital.
How this came about was through the systematic manipulation — or "regulation" as those involved preferred more politely to call it—of trading in bank shares. And it was preserved through a conspiracy of cilence on the part of both the served inrough a conspiracy of silence on the part of both the regulatory anthorities and the heads of the big commercial benking groups.

A few individual bankers were brave enough to resist the trend. Mr Zadik Bino of the First International Bank of Israel one of the smaller banks.

First International Bank of Israel, one of the smaller banks, was one who successfully avoided being sucked in Another, who arrived late on the scene when the regulation was already in full swing, and escaped with lesser censure than his colleagues was Mr Giora Cazit of Bank Hapoalim.

In contrast, Mr Ernest Japhet, chairman sinca. 1978 of Bank Leumi le-Israel, the country's leading financial institution, and doyen of the banking community, received the full force of Judge Beijsky's wrath. His stand against ending the regu-



Mr Ernest Japhet (above): full force of judge's wrath. Mr Noshe Mandlebaum (below): governor af the Bank of Israel



lation had a great influence on other banks, the commission's report concluded. report concluded.

Like most such phenomens, this latter-day South Sea Bubble began in a modest way. Its initiation is credited to Mr Ya'acov Levinson of Bank Hapcalin, the second largest bank, who in 1972 began gently boosting the value of his bank's shares on the small Tel. Aviv stock exchange, as a means of preventing losses. In shares

The bankers always knew that they were riding a tiger, as they subsequently admitted. The problem was, they told the Beljsky Commission plaintively, they did not know how to get

The commission, made up of three judges, a law professor and two financial experts, disagreed with the protestations of innocence and buck-passing which filled their months of

which filled their months of hearing last year.
In a nutshell, what the banks would do would be to provide loans to thoir customers to buy their own shares using those shares as collateral. In addition, through their influence with the Stock Market and the Securities Exchange, they would "run" their own shares to make sure they never suffered a fall.

make sure they hever subset a fall.

What eventually pricked the halloon was, ironically enough, a devaluation scare. Over a few weeks investors rushed to convert their paper into US dollars, forcing the hanks to buy back over US\$1bn-worth of their own highly inflated shares.

The repurchase aliminated The repurchase aliminated the banks' reserves and wiped out the capital base they had built up over the years. With the system on the verge of total collapse the Likud Government had no choice other than to step

Altogether tha government took over \$6.95n-worth of share obligations, guaranteeing them at their October 1983 value in fixed US dollar terms. Redemption was to be severed.

fired US dollar terms: Regemp-tion was to be spread over a 10-year period with the biggest sums due in 1988. The Beijsky Commisssion was taxing in its criticism of the individuals and institutions which, it said, had neglected their duty in not properly super-vising the financial markots. Two former Finance Ministers, two tentral bank governors, two inspectors of banks, the former chairman of the Stock Exchange

chairman of the Stock Exchange and other top officials, were publicly singled out.

What particularly nettled the Commission was the failure of any bank director to take blame for the scandar in the wake of the 1983 crash. Any recent changes in the top management of the commercial banks, it said, were unconnected with the seandal.

preventing losses to share. The report stops short of nodders. The report stops short of recommending criminal prose-gain it. was, not until the curion, against, those, hamed inid-1970s, when Hapbalim was instead. It leaves this task to loined by its major competitors the 'Attorney General. But it leaves, I leaves Discount and notes that what the banks were up to "came close to fraud" regulation began to take on a

# Manila to scrap IMF loan deal

THE Philippines has decided to discontinue an 18-month-old atandby loan arrangement with the International Monetary Fund which ends in June in favour of an entirely new package after consulting IMF officials in Washington.

Mr Jaime Ongpin, the Finance Minister, who returned to Manila yesterday from Washington with the governor of the Central Bank, Mr Jose Fernandez, said the Government of President Corazon Aquino dropped the old programme because its conditions were "too restrictive."

Preset targets on the budgetary deficit and reserve money had hecome impossible to discussed.

Schievo after government be much smaller than the previous package.

The release of the halance would have lead to the drawn-bound on the remaining \$350m out of the \$925m in new money pledged by international banks mader a \$10bn commercial debt restructuring package signed in May last year.

Mrs Aquino's Government is optimistic that a new economic programme could be worked ont in a fow months. "The IMF, however, according to Mr Ongpin, would consider the undrawn balance in determining the total amount of the new loan package which is still being discussed.

Preset targets on the budgetary deficit and reserve money had hecome impossible to dications that the amount would is being discontinued.

#### WORLD TRADE NEWS

# **Ericsson** awarded its biggest-ever contract in US

BY DAVID BROWN IN STOCKHOLM

L M ERICSSON, the Swedish for the order was Motorola, telecommunications and information systems group, has won of years a number of swatches an order worth over \$40m and several "dozens of hase (£28.5m) to supply mobile stations" hut declined to cellular radio equipment to the Los Angeles Cellular Telephone the deal.

AXE modular digital switch. 35 per cent of the eotire recent orders from Iceland, American noo-wire line market. Australia. New Zealand and Los Angeles is the single Switzerland. It now claims control of some

It will deliver over a period

The Swedish company bas Company.

This is the single higgest contract ever won hy Ericsson in the US.

The group bas been bighly successful in its American marketing efforts for mobile telephone systems based on the telephone systems that the telephone systems the telephone systems that the telephone systems that the telephone systems the telephone systems the telephone systems that the telephone systems the telephone systems that the telephone systems that the telephone systems the telephone the telephone systems the telephone systems the telephone the telephone systems the te subscribers.

The group has also announced

largest cellular communications market in North America. Eric son said its major competitor cellular market Ericsson has captured in North America.

# UK £25m for Pakistan

BRITAIN has pledged £25m in Afgban refugees. further development aid to Pakistan at a World Bank Pakistan at a work projects agriculture, irrigation, meeting of an donors in Paris. ioclude agriculture, irrigation, This compares with £17m in power, bealth and education.

The new money will be for projects which are likely to This compares with £17m in power, bealth and education.

1985, onr World Trade staff Britain will also continue to writes.

Britain also pledged a further gramme of technical co-operation.

# Australia unveils plan for A\$2bn Poland's Pacific optical fibre network

assistance from Col Gadaffi

Shortly after the coup last
April. Khartoum started the
process of rapprochement with
Libya which caused consternation among the country's
Western allies. The Libvans
recently supplied two TU-22
long-range bombers which were
subsequently used in raids on
rebel positions in the south.

The first phase is a joint project with the New Zoaland Post Office for a trans-Tasman cable capable of carrying 57,000 digital telephone channels, compared with the current capacity of fawer than 2,000.

AUSTRALIA'S Overseas Telecommunications Commission
(OTC) has unveiled plans for
an A32hn (£1bn) Pacific optical
fibre network.

he the largest fibre optics will require new capacity
project of its type in the world.

Sixty per cent of Australia's
overseas communications are
currently carried by satellite.

The federal Department of
Industry and Technology is reversed as the fibre cable is Thore is another A\$300m in

Thore is another Assovin in domestic contracts to be won between now and 1995, through Australian Telecom's planned major domestic trunk route

overseas communications are currently carried by satcllite, interested in fostering the development of an export-oriented lopment of an export-oriented telecommunications industry for Australia,

OTC is already funding an A\$1.3m research and developcapacity of fawer than 2,000.

The 2,500 km cable is planned for completion in 1991.

The commission is planning to oxtend the network to North America and Asia in what would between now and 1995, through and 1995, through ment programme involving str. Awa. Australian Optic fibre cable network.

Australian Telecom's planned str. Fibre Research, and Australian Optic fibre cable network.

Australia has several optical programme of enhancing the capacity of the Australian but the trans-Tasman project industry.

# **Corning in Spain telecom venture**

programmo bas been set up Tolcor—with a starting capital training by Corning, with Corning Glass Works of of Pta 1.05bn. Spanish company will set the US, the world leader in The plant itself, for which a research unit acting in

than the initial plans announced when Corning and its Spanish partner, the semi-state Com-pania Telefonica Nacional de Espana, sigued thoir first agree-ment early last yoar.

a site has yet to be announced. The project, with planned is due to account for Pta 2.7bn research programme in the investments of Pta 4.5bn (£19.6m) is more ambitious than the initial plans are arranged mid-1988 at a rate of \$5.000 km scheduled to start producing in Telephone and Telegraph, mid-1988 at a rate of 85,000 km. The agreement complete of fibre a year, rising to 111,000 km in 1995.

A JOINT venture to start pro-ducing optical fibres for Spain's per cent, and Tolefooica the ambitious telecommunications remainder of a new company— and technical assistance and of Pta 1.05bn. Spanish company will set up The plant itself, for which a research unit acting in co-

> The agreement completes o trio of key manufacturing ventures between Telefonica Initially, it had been hoped and leading intornational part-to start Spanish production of ners, following its \$200m micro-optical fibres by early 1987. chip project with American

# Comecon trade falls

POLAND'S hard currency trade with its Comecon partners fell back sharply on 1984 but still left Warsaw significant \$63.9m (£45m) sur-

Hard currency transactions between Comecon countries are as a rule confined to harter agreements for high quality goods which could successfully find a market in the West. Last year Polish sales under this system were worth \$289m and purchasas reached \$225m. This represented a drop on 1984 when a record \$379m-worth of goods were sold to other Comecon countries while purchases reached \$362.8m.

Total Polish hard currency exports last year woro worth \$5.8m and imports reached

Italtel contract

ITALTEL -- Societa Italiana Telecommunicazioni — announced a \$4.5m (£3.2m) contract to supply numerical telephone exchanges, transmission and energy systems to Colombia,

Reuter reports. .. The contract comes on top of export orders totalling L135bn (£51m) in 1985, the company

# Cathay Pacific hopes to decide soon on **Boeing 747 orders**

BY DAVID DODWELL IN HONG KON If these and the options for three 747-400s were taken up. Cathay would be committed to investment of over \$600m during the last three years of the decade.

CATHAY PACIFIC Airways, Hong Kong's de facto flag carrier, hopes to decide during the next month whether or not to convert options, into firm orders on Boeing's prototype ultra-long range aircraft, tho

747-100. Cethay was one of a handful of airlines selected by Booing to assist it in selecting design specification for the \$100m (\$71m) aircraft. It has options on nine 747-400s, and is consider-ing converting three of these into firm orders next month—a move that would involve a \$15m

down-payment. Details of the fleet renewal plan emerged in documents linked with the public flotation of Cathay Pacific in Hong Kong this week

feets in the world. Eleven of its
20 aircraft are Boeings and as
its older Lockheed Tristars
come up for retirement, the
tendency has been for Cathay
to buy new Boeings.

The airline has two Boeing
747-300s on order dua for
delivery in the coming year at
an outstanding cost of
HK\$560m (£52m). It has options

Kong's carrier.

This application however, is
being contested by Hong Koog
Dragon Airlines, the fledgling
by ship owner. Sir Yue Kong
Pao.

Dragonair currently operates
one aircraft, and recently began
scheduled services between
Kamer out the Chical aircraft.

an outstanding cost of HK\$560m (£52m). It has options

on a further three 747-300s for delivery in 1987 and 1988.

Only yesterday, Britain and Holland concluded an agreement for two fights a week between Amsterdam and Hong Kong, KLM will operate as one of the two gavesare do the suite of the two carriers on the route, Cathay bas one of the most modern long-baul passenger feets in the world. Eleven of its 20 alreraft are Bosiness.

One of the aircraft to be purchased is likely to be a cargo carrier, Cathay's second.

Cathay has this year inaugurated several new long-haul routes. It has first begun operating scheduled services to Peking and Shanghai in China, and to Paris and Rome in Europe.

Riamen on the Chinese main-land, and Hong Kong.

Quotation datails-Page 33

# ON TODAY'S ROADS, THERE'S NO SUCH THING AS AN OVER-PROTECTIVE PARENT.

Driving has never been such a hazardous

understätte Neuropaulige

road as there are twice as many vehicles on the road as there were 20 years ago.

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per mile of road, and a staggering 11,000 ventors per mile of motorway.

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## THE MANAGEMENT PAGE: Small Business

THE PAST five years have been a distressing period that one small British electrical retailer would rather forget.

During that time he has been the subject of a gruelling personal tax investigation in which the Inland Revenue has been seeking to extract £40,000 In allegedly unpaid hack taxes—a penalty which could easily ruin a sole trader like himself with an annual turnover of just £150.000

The proprietor, who prefers to be nameless, has been forced to recalculate his tax returns for the previous nine years, has spent many hours in meetings with tax officials and is still with tax officials and is still nowhere near resolving his case. "It is very difficult to carry on the business with all this hanging over me, I feel like a marked man," he says. He is just a minor example of the 57,000 or so businesses mostly sole traders or pariner-ships — to have their accounts iovestigated every year by the Inland Revenue.

Questions of guilt or luno-cence apart, the mere fact of being investigated by the Inland Revenue is profoundly disruptive for the targets, 90 per cent of which end up paying additional tax as a result. The Revenue is certainly good at nailing wrong-doers. But many businesses claim that they give up without a fight and pay more than they really owe, because the costs of defending their case are likely to be more

than the tax at dispute.

Honest faults such as ignorance of tax legislation or careless accounting are just as likely to attract the authorities' likely to attract the authorium attention as deliberate deception—a disturbing thought for the 25m unincorporated businesses which will now he receiving their 1985-86 tax returns.

This means that the possibility of a tax investigation has now become a fact of huseiness life, so that according to one authority most employers can expect to have their PAYE recents scrutinised by the tax-

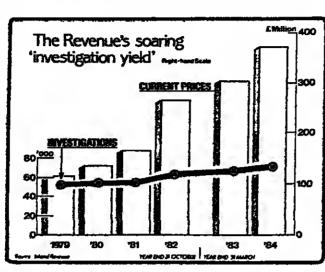
getting increasingly effective at squeezing extra tax and penal-ties—which can amount to twice ties—which can amount to twice A number of accountancy the unpaid tax plus interest—firms have responded by openout of alleged defaulters ever ing tax investigation departout of alleged defaulters ever in the late 1970s from examining all accounts received to concentrating in more detail on suspicious looking ones only. The result bas been a wail of protest from small business lobby groups, which maintain that the authorities' new toughness contradicts the Government's policy of specific of the support ties' new toughness contradicts the Government's policy of cutting official interference in

the Government's policy of cutting official interference in business.

As a mark of the tax authorities' growing efficiency, the yield from investigation work has shot up from £111m in 1979 to £372m in 1984. This more than threefold increase has been achieved on only a slight to be more than covered by the rise in the number of investigarise in the number of investiga-tions: from 53,000 to 71,000 win from the authorities, over the same period. Contrary The Inland Revenue over the same period. Contrary
to popular demonology, tax staunchly maintains that small inspectors are not forced to husinesses do not get better

# The Revenue puts on the squeeze

William Dawkins explains why companies are feeling nervous



meet financial targets, though treatment by hiring accounthey are expected to take a tants for tax disputes, sceptical look at 3 per cent Accountants, meanwhile, argue of all business tax returns that that their knowledge of the cross their desks.

This means that the possibility of a tax investigation has now become a fact of husiness life, so that according to one if the entrepreneur were acting

records scrutinised by the taxman once every three to five firms are stepping up interest in the field without necessarily establishing separate depart-

> Rick Helsby, a former Inland Revenue enquiry branch group leader and now a manager at Deloitte's investigation unit, maintains that the most common factor to attract inspectors' scepticism is that trading results do not conform with those of similar businesses in that sector.
> A smaller number of—usually

Revenue

Michael Reader, head of Spicer and Pegler's tax investi-gation unit, says: "A quarter of the cases we come across involve false invoices. It's amazing how closely people flirt with fluancial death without realising how seriously these matters are taken by the Inland Revenue." Spicer and Pegler's unit has dealt with about 20 cases since alone.

Deloltie Haskins and Selis dealt with about 20 cases since lise stablishment in November, investigation department, established three years ago. Spicer and Pegler's unit has dealt with about 20 cases since lise stablishment in November, as against the 450 handled by Deloitte in the past three years. If the Inland Revenue does decide to launch an investigation units within the past nine months, while several other almost any documents it likes, subject to reasonable notice. It is allowed to scrutinise material and make new tax assessments covering up to six years in the past, or even longer if a Com-missioner can be persuaded by the enquiry official that there is fraud, wilful default or

> land Revenue investigations fighting one's own case can be land Revenue investigations fighting one's own case can be suggests that it would be futile an upbill struggle.
>
> The Inland Revenue, mean-The high success rate of In-

neglect

say why accounts are not satis-

factory.

The next step, says Helsby, is for the businessman to comis for the Disinessman to com-pile his own report of the tax irregularities, ideally with the help of an accountant. "Try to take the initiative away from the Inland Revenue. Expose some new facts, but present them in the hest possible light," says Helsby. says Heisby.

It is worth bearing in mind that practically every small business's accounts will include some irregularity if they are scrutinised hard enough. Spieer and Pegler's Michael Reader cites the case of one small employer who was astounded to find that he should have paid ustional insurance and PAYE on the £10 which be gave a female staff member for a taxi home late one night. The Inland Revenue can charge up to £200 for each incorrect document, rising to £500 for wilful inaccuracy.

ment, rising to £500 for wilful inaccuracy.

Philip Davls, senior tax manager in Arthur Young's investigation unit, which has handled about 50 cases since it opened last June, points out:

"It is very difficult to be sure that you do everything right. Even the person who sets out to be meticulous and honest can get into trouble."

All accommence advisers sug-

get into trouble."

All accommancy advisers suggest that the best strategy is to co-operate fully with the tax anthorities. For one thing, the Taxes Management Act 1970, which governs investigations, makes taxpayers guilty of evasion until they prove themselves innocent. For another, the Inland Revenue awards. the Inland Revenue awards points for co-operation. Penalcan be reduced by op to 40 per cent for general co-operation, with another 30 per cent for spontaneous disclosure of information. formation.

That is why nearly a third of Deloitte's tax enquiry clients actually initiated Inland Revenue investigations into their own affairs. While the tax due became payable as a result, none of them attracted additional penalties or prosecu-

Helsby admits that it is hard to assess whether accountants are better at getting clients put of trouble than the clients would be alone. However, the saga of the unfortunate electrical retailer—who has inciden-tally just turned to a profes-sional adviser—suggests that

to react hy arguing that the
A smaller number of—usually
more serious—cases results
from information received independently by the Inland
Revenue. It hears automatically, for instance, about all
interest-bearing bank accounts,
registered boats and property
deals.

The Inland Revenue, mean
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Considering how local business timed to coincide with the introduction to coincide with the introduction to coincide with the introduction.

Considering how local business.

Figure 1. In the

#### In brief...

SO YOU Think You're in Business, published recently by Methuen for Video Arts, is an entertaining and painless guide to financial manage-

Video Arts, which has gained a reputation for retring fun with education through its John Clease management training films, has applied the same touch to have been a literate. has applied the same touch is business books. It cuts through accounting targen in a refreshing and direct fashion as it takes the reader through the basics of balance sheets, working capital, cost, profit and break-even and budgeting. The book costs \$4.25 from Methnen London, Il New Fetter Lane, Landon ECAP 4KE.

BIDDING from the Inside is the title of the latest guide to management buy-onts, published by chartered accountants Dearden Farrow. The booklet is intended to guide potential buy-out teams through the tux and legal minefelds and to warn them of the traps that lie in place for the unwary. Dearden Farrow advises managers to fair warvises managers to find a backer early on and to seek professional help to assembling information and negotiating pricing.

Copies can be obtained free from the corporate finance

department, Bearden Farrow, 1 Serjeants' Iun, London ECAY 13D.

Carlotte and the second second

ENTERPRISE Courses, a Chelmsford-based small business advice group, is offering free training in May for new and expanding ventures or for entrepreneurs who feel stack in a ref.

in a ret.

An introduction to the fiveday course, which is paid forby the Manpower Services
Commission, is to be held in
Colchester on the evenings of
April 29 and 30. Details from
Smart Berkwith, Enterprise
Courses, PO Box 465, Globe
House, New Street, Chelmsford CMI 1TY, Tel: 6245
256205. in a ruf.

THE Weish Development Agency (WDA) has formed a consections with five venture capital organisations to provide finance and arrange professional advice for businesses seeking \$150,000 or

The consortium is based in Cardiff but is looking for proposals from both manufacturing and service industries throughout Britain, ranging from startups through to mainte management buy-

"One of the biggest problems for project promoters has been the time and money it takes making numerous applications to individual ven-ture capitalists," says Bavid

Waterstone, the WDA's chief executive. "The creation of the Cardiff Consertium means that applicants will have a single point of access to a group of funds which together will offer fast and realistic decisions."

CAPLES TO TOOU

resusuc occasions.

Details from Norman
Mycracough, The Cardiff Consortium, Pearl House, Greyfriers Road, Cardiff CF1 2XX.

THE ERITISH Venture Capital Association (BVCA) is arranging the largest ever gathering in Europe of entrepreneurs who have received

preneurs who have received risk finance.

Entitled Building Tomorrow's Profitable Businesses, the event will be attended by more than 200 BVCA-backed British managers next Monday at the Banqueting House in London's Whitehall. The purpose of the colloquium is to open a debate in which entrepreneurs will tell the Government about the obstacles still faced by new businesses in the UK and explain what help is needed to improve their ability to create johs.

Lord Young, Employment Secretary, will open the session, which will also be addressed by Geoffrey Pattle, Minister for Industry and In-

addressed by Geoffrey Pattle, Minister for Industry and Information Technology. A few seats are still available for venture-backed businesses from Vicky Mudford, BVCA, 24 Upper Brook Street, London WIX 1PD,

### **Enterprising** sales pitch

THE extent to which tough salesmanship is needed to attract financial support for enterprise agencies is outlined by Business in the Community (BIC) in a booklet published

yesterday.

BIC, the umbrella body for these privately backed pro-viders of guidance and assistance for small businesses, has issued a series of guidelines for agency directors on how to squeeze more cash out of local companies and public bodies. It estimates that the 250 agen-

trical recaner—who has incidentially just turned to a professional adviser—suggests that fighting one's own case can be an upbill struggle.

The Inland Revenue, meanwhile, points out that many cases would be avoided if entrepreneurs approached tax inspectors for advice before men this month of a Department scheme.

In explaining how agencies might self themselves more effectively to potential sources of cash, the booklet provides the most explicit and hardheaded analysis yet of how sponsors can benefit from help-ing secretary and in the terrorism. ing agencies—and in the pro-cess lists some advantages that

some sponsors would not care to admit. The general benefits are unrne general penents are un-controversial enough. More small businesses generate local employment, and help to increase local income, much of which will be spent locally, says BIC, which estimates that enterprise agencies helped to create 16.5 per cent of the 340,000 jobs generated in Britain last year.

But sponsors also need to know how they personally might benefit from giving money to the local enterprise agency, says BIC. "It is worth considering how local businesses spend their existing budgets

ness of a sponsor's products through agency activities and increased exposure to a target market — an important con-sideration to banks keen on building up their small business loan portfolios. There is also the possibility of a direct link with a sponsor's promotions, like the launch of a new product or opening of a branch.

Sponsors generous enough to earn a place on the board of earn a place on the board of their local agency could also find that this position gives more access to influential decision makers and wider contacts with local businesses. "Board membership can be a source of influence and local intelligence," says BIC. Other benefits include the tax deductions to agencies and the value of being able to lend managers who would benefit from agency experience, as most large banks have discovered, or who are

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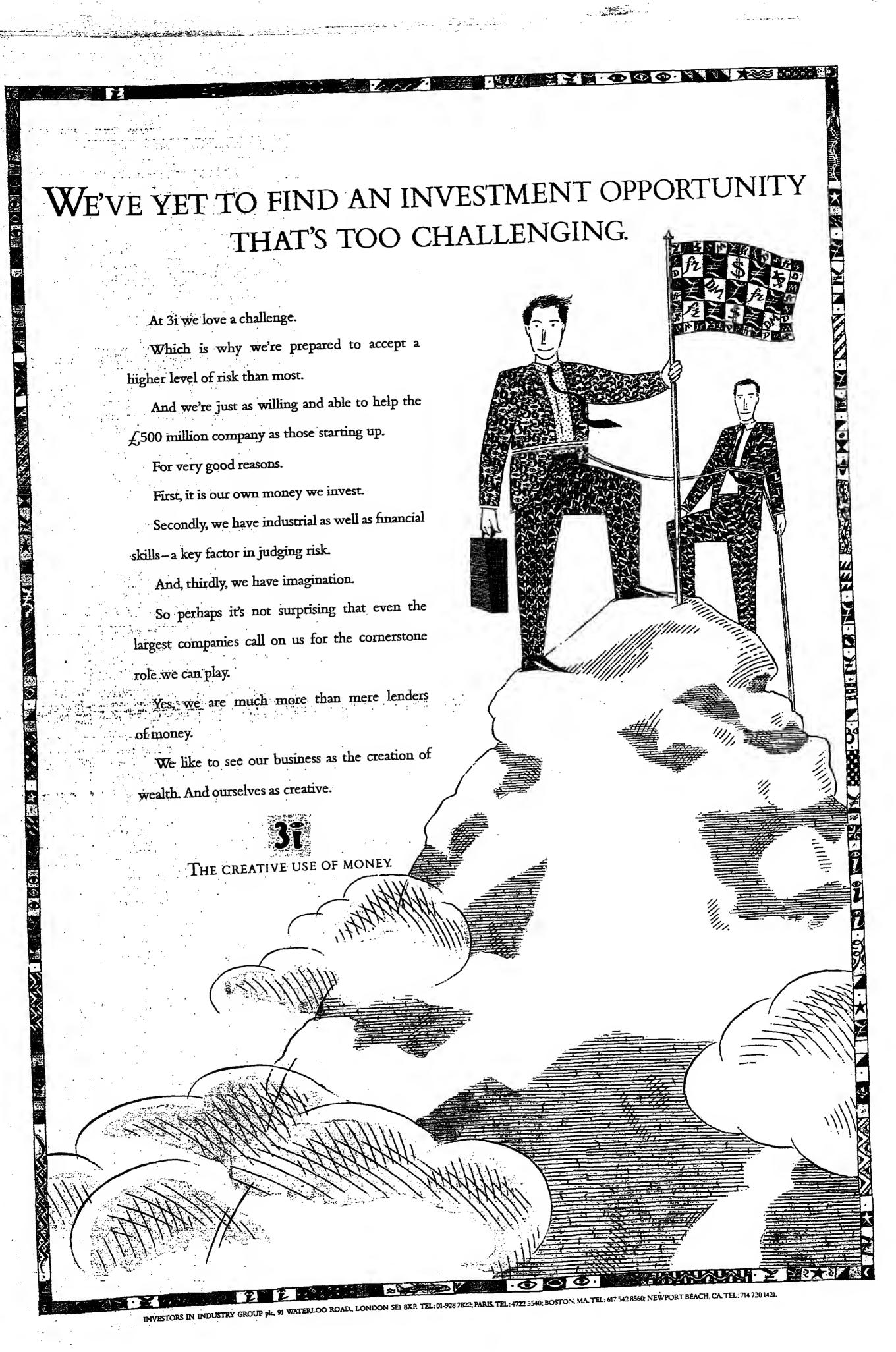
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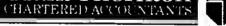
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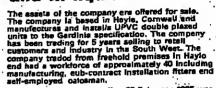
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and some sectionary and the property of the pr

#### Gardinia Windows (South West) Limited In receivership and in liquidaton



Turnover for the year ending 28 February 1985 was £2 million end approximately £1.5 million for the year to 28 February 1986.

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WIDE-RANGING reforms of the National Health Service aimed at improved levels of care and increased value for money are proposed in a Department of Health and Social Services discussion document published yesterday.

Among its proposals are:
The establishment of enforceable standards for doctors in general practice and a fuller advertising of services so that patients can

bave more choice. Compulsory retirement at 70 for doctors and dentists.

· A form of contract placing increased emphasis on the doctors' and dentists' quality of service, with a higher proportion of a doctor's overall payment than the present 45 per cent based on the number of patients on his or ber list.

 Additional money for key sectors of the health service, including preventative medicine, with special at- of the public. tention for inner cities.

sponsibility for neighbourhood

 A relaxation of the rules governpre-packaged and to allow pharma-

vice to patients. Overall, the doiminant theme is lowed by a White Paper (policy doccommunity care with beightened efficiency. If implemented in full,

Services Secretary, told the House agreement.

### Libya not elections factor says **Tebbit**

By Peter Riddell, Pulitical Editor

MR NORMAN TEBBIT the Conservative Party chairman, yesterday sought to play down the signifi-cance of the US raid on Libya last week as a possible influence on the forthcoming parliamentary by-elections and on the local governnent elections, both on May 8.

During a bectic morning of elec-tioneering which started in Matlock west Derbyshire, and ended in Conervative Central Office in London, Mr Tebbit said he doubted if the Libyan affair would be of prime concern to voters.

Later, speaking in London at the

aunch of the Tories' local election campaign, Mr Tebbit conceded that national issues would become involved in the elections.

Recognising that initial public impact was unfavourable. Mr Tebbit in part blamed the fact that "all the initial pictures on television were of civilian casualties other than damage to military targets because of what Colonel Gadaffi allowed television reporters to see."

Some Tory MPs have tabled a House of Commons motion criticis-ing the BBC for its initial reporting of the impact of the bombing. Senior Tories bave been shaken by the evidence of the opposition, not least from traditional Tory supporters, to the Government's decision to allow the US to use bases in Britain for the bombing raid on Libya.

Ministers believe that there were signs over the weekend of local opinion settling down after the initial adverse reaction. They argue that once the hackground is explained, party supporters would ac-cept that Mrs Margaret Thatcher, the Prime Minister, had no choice but to agree to the US request bow-

INVESTOR BODY REAFFIRMS INSURANCE MARKETING PRINCIPLES

# Miboc stands firm on rulebook

tion agencies, set up as part of a proposed are as follows:

new regulatory framework, yesterday brushed aside most of the objections raised by the House of Commons standing committee on the Financial Services Bill to the proposed rules for selling life insurance and unit trusts.

A document published vesterday by the Securities and Investments Board (SIB) and the Marketing of Investments Board Organising Committee (Miboc) re-affirms the original principles of a consultative document it published on December 13 on the marketing of life insurance and unit trusts.

The main changes in the regula-

BY DAVID BRINDLE

CHANCES of averting industrial

action which has been threatened by prison officers in England, Wales

and Northern Ireland rest on the

content of the letter being received

today by their union from Mr Doug-las Hurd, the Home Secretary.

(POA) bopes the letter will redefine the Government's position on deter-

mination of staffing levels in penal

establishments so that it satisfies

the union's demand for full nego-

This possibility of a break-

through in the dispute emerged last

night after a 90-minute meeting at

the Home Office between Mr Hurd

A joint statement issued last

has met with the POA representa-

tives for an exchange of views on

and leaders of the union.

tiating rights.

The Prison Officers' Association

THE EMERGING investor protectory regime that Miboc has now

• Insurance companies will have to disclose in a letter to a new policyholder how much of his premium money he can expect to retrieve if prematurely.

• Insurance company salesmen will no longer be allowed to recom-mend the investment products of other companies. This proposal, which abolishes the status of the "tied agent", is in response to the demands of the backbench Conservative and opposition members of the standing committee that tied agents must disclose the commis-slons they earn.

aspect" of staffing levels, although it was not known whether Mr Hurd

would change the Home Office line

that the POA could only expect to be consulted on the numbers of offi-

Last week, the union announce

cers required for each task.

ment's position is unchanged.

close how much commission they would earn from recommending a particular policy and the total charges, expressed as a proportion of premiums, imposed by the insur-

ance company. The amendments were withdrawn after Mr Michael Howard, the Corporate and Consumer Affairs Minister, said be would ask the Miboc to draw up suitable changes to its proposed business

Miboc has, however, rejected the basic demands incorporated in two standing committee amendments would not know whether a commissions that all insurance and unit trust sion payment was high or low. In brokers and salesmen should dissead, it argues that maximum commission rates for each type of prod-uct should be established through an industry-wide agreement.

It will, however, seek to devise rules to prevent insurance companies from boosting the sales of more profitable products by paying higher commissions. These may mean the end of the high initial charges imposed by many insur-

Miboc suggests that it is not pos-sible to identify or disclose charges on traditional with or without prof-

The Miboc document argues that its life insurance contracts.

### Exchange seeks to bolster its image

ADVERTISEMENTS in daily newspapers today mark the start of the Stock Exchange's unprecedented 62m publicity campaing aimed at

projecting its image.

According to the exchange, its targets are opinion forming groups in industry and government, academics and profesionals involved in business and finance. About £1.5m will be spent on advertising, and a further £500,000 on public relations. market research and other activi-

Although this marks a new de-parture for the stock exchange, Mr Graham Ross Russell, a deputy chairman of the exchange who bas been co-ordinating the campaign, pointed out that the building socie-ties, for example, spent more like £70m a year: "It's peanuts compared to what some of our financial

services rivals spend," he said. The campaign starts just before the Financial Services Bill goes into its report stage next week. MPs are to debate issues such as the role and power of self-regulatory bodies

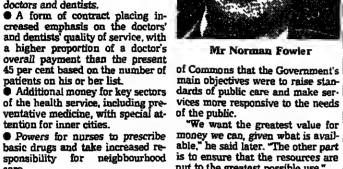
such as the stock exchange.

Meanwhile, the Securities and Investments Board, the regulatory agency being created under the new legislation, is proposing rules which could require the stock exchange to open up its markets to outsiders, a move which the

exchange is resisting.

Exchange officials fear that public understanding of the stock marthe same time we are not prepared | ket is poor. We need to explain in a more organised and direct manner what exactly the Stock Exchange is keeping our position under con-about," said Mr Lynton Jones, the stant review."

director of public affairs.



is to ensure that the resources are put to the greatest possible use." Mr Fowler and other ministers ing the supervision of dispensing by will start a process of consultation barmacists to take account of the that should take until the end of the fact that most medicines are now year. This will involve meetings with doctors' and nurses' represencists to spend more time giving ad-vice to patients.

tatives, consumer groups and other interested parties and should be fol-

ument) and/or legisation. Opposition parties yesterday the proposals, which were pub- gave the discussion document a lisbed with a report on community cautious welcome. The British Mednursing, would amount to the big-ical Association was concerned gest sbake-up in the state health about the suggested changes in docical Association was concerned service since its introduction in tors' contracts - with payments to 1948. Mr Norman Fowler, the Social - but it stressed points of

# ever much the Cabinet had doubt Security at Home loan rates cut

duction in bank hase rates from 11 ment a larger cut, of perbaps 1.5 per cent to 11 per cent.
The Halifax, Abbey National,

down to 11 per cent.

rates for investors and borrowers.

Mr John Bayliss, general manag-The move followed last week's re- tion and still have time to imple-

> fixing new investors' rates was designed to give the society plenty of elbow room in a very fluid interest

The society emphasised that every rate change cost it about £250,000 in administration, so it was anxious to set its interest rate structure at the appropriate level. The interest rates not yet decided would

would also delay any decision on in-

The delay in fixing investors' The societies' move inevitably rates, and the suggestion that the cost of bome loans might yet fall move their mortgage rates more infurther, reflects the societies uncertainty about the immediate prospect for competitive interest rates. Several of them said that another if they are to remain competitive. fall in bank base rates could Several of the banks said yesterday surage them to set even lower that they were "considering" their mortgage rates.

#### Print union postpones Hurd talks raise hope decision on contempt in prisons dispute

BY HELEN HAGUE, LABOUR STAFF

THE EXECUTIVE of the print the company's papers – is coming union Sogat '82 yesterday dalayed a from provincial branches. the current situation. Both sides are union Sogat 82 yesterday dalayed a decision to move immediately to purge its contempt of court despite considering their positions and will keep in close touch. The Home Secretary will be writing to the union as soon as possible."

Mr Phil Hornsby, an assistant secretary of the union, said the letter would deal with "the negotiable the increasing financial stranglebold on the union caused by the sequestration of its assets.

The executive met in special session for five hours. Workers dismissed by Mr Rupert Murdoch's News International lobbied the meeting. They called on the executive to intensify rather than scale down the dispute in which 5,500 printers were dismissed when the company trans-ferred the printing of its four national newspaper titles to its Wapping plant, east London.

that a ballot had produced en 81 per cent majority for industrial action on the staffing levels issue. Disrup-tion is due to be called without warning any time before May 7, but Pressure to purge the contempt which arises out of the union's in-struction to members in the wholenight said: "The Home Secretary it is likely to start quickly if it becomes clear today that the Governsale trade to "black" distribution of

immediate decision and decided to keep the question of purging the contempt under review. This means in effect that another meeting could be speedily convened to consider

The executive retreated from an

Yesterday's meeting noted the debilitating impact of the seizure of the union's funds on the ability of branches to function fully and service membership needs.

"Wa believe the union must be kept intact, survive and have its de-mocracy protected," she said. "At to abandon our dismissed members. The dispute continues and we are

# Heathrow questioned

CONCERN was expressed from both sides of the House of Commons yesterday about the possibility of terrorists being able to smuggle explosive divices aboard aircraft leaving London's Heathrow airport. Ivor Owen writes.

Mr Michael Spicer, the Aviation Minister, gave assurances that airlines other than El Al carried out security procedures of the kind which foiled last week's terrorist plot to blow up an Israeli alrliner carrying 400 passengers while it was over London. But he failed to

satisfy the critics, Mrs Gwyneth Dunwoody (La-bour) claimed that an appalling disater was only averted because El Al staff carried out a search of hand luggage which revealed a weight

discrepancy.
She stressed: "If there are not enough staff or the staff are not equipped with proper help, then surely this will bappen again." Mr Spicer declined to give any detailed account of the security ar-

rangements at Heathrow, but he emphasised that there were a number of factors which led to last week's plot being uncovered. Double systems of checking bad been in operation, he said, and other airlines had similar procedures to El Al and believed that in similar

ed by the terrorist would have been Mr Terry Dicks (Conservative) disagreed with the minister. He insisted that security bad failed at Heathrow last week and that only El Al's procedures bad retrieved the situation. He maintained that commercial viability should not take precedence over passenger safety

and security.

circumstances the explosive plant-

□ PROCEDURES designed to en sure the presentation of accurate documentation when courts in the Irish Republic are asked to make extradition orders in respect of alleged terrorist offences committed in the UK were outlined by Sir Michael Havers, the Attorney-General. He said officials of his department and those in the Depart ment of the Attorney-General for the Irisb Republic had met and drawn up a checklist. This move followed the recent failure of extradi-tion proceedings in Dublin against Evelyn Glenholmes for terrorist offences alleged to bave been committed in Britain.

☐ SPENDING in retail stores rose to an all-time high in March according to statistics published yesterday by the Department of Trade and

The department's seasonally adjusted provisional index of sales volume for March rose to 119.4 compared with 117.2 in February (1980 = 100). In March last year the index stood at 114. The increase came as a surprise to many retailers yester-day and was out of step with the latest CBI/FT survey of the distributive trades which revealed a less buoyant picture for spending dur-

Page 10

# by building societies

BRITAIN'S leading building socie-

Woolwich and Bristol and West were all quick to follow the Nationwide, announcing an immediate one percentage point reduction in the cost of home loans for new borrowers, taking the mortgage rate

At the beginning of March it stood at 12.75 per cent. The latest be fixed within the next week or 10 reduction will cut by nearly £10 a days. month the cost of a £20,000 ad-

be decided within the next week to 10 days.

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ties yesterday announced their sec- er of the Abbey National, said that ond reduction in mortgage rates the society was waiting to see since last month's budget. Some of whether there were further cuts in them suggested that a further cut bank base rates. "If that happens, was possible in the next few weeks. we shall reconsider today's reduc-

per cent to 10.5 per cent and the cent."

rapid decision, late on Friday, by The Halifax said that the delay in rapio decision, late on Friday, by
the Nationwide Building Society to
implementing the lower mortgage
rate by 1 per
rate for existing borrowers and in rate market.

days.
The Bristol and West said that it The societies said that loans for vestors' rates until the picture for existing borrowers would fall on other interest rates became more June 1 andthat rates for investors, clear. The society said the inflow of now ranging between 8 per cent net investors' funds remained very enand around 8.5 per cent net, would couraging, a factor which would be taken into account when new rates

were set.

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# Leather industry shows highest rate of return

BY PETER RIDDELL, POLITICAL EDITOR

THE LEATHER goods sector has the rate of increase of most costs. Somewhat unexpectedly, textile dustries, according to a Department of Trade and Industry (DTI) survey.

The first results of the DTTs analysis of the published accounts of industrial and commercial companies for periods ending in the year to March 31 1985, were disclosed yesterday in a parliamentary written answer from Mr John Butcher, a junior industry minister. Full de-tails will be published early in May.

The figures are of ratios of net income to average net assets for large companies - those with capital em-ployed of more than £4.2m. These ratios are one widely used measure of rates of return.

The sector with the highest ratio on this definition for the period con-cerned was leather and leather and other revenue income less incerned was leather and leather goods manufacturing, with a 27.2 per cent ratio of net income to avertohacco and electrical and electronic engineering.

covery in profits for most sectors of ance sheets and include fixed asindustry, in view of the growth in sets net of depreciation, current asthe economy, the more competitive sets and investments less current exchange rate and a slowdown in liabilities.

Somewhat unexpectedly, textiles is among the sectors with a high relative rate of return at 19.9 per cent, slightly ahead of business ser-

amounts shown in companies' accounts compiled on the hasis of historical costs. They will therefore be higher than equivalent ratios calculated from accounts adjusted for inflation.

The difference between historic and current cost rates of return varies. It depends for example on the

capital intensity of each industry. Net income is defined in the minister's answer as gross trading profterest paid oo hank and short-term loans, payments for the hire of age net assets. This was followed by plant and machinery, and depreciation provisions.

Average net assets are the aver-The period was one of strong re- age in the opening and closing balFT/CBI SURVEY OF DISTRIBUTIVE TRADES

# Retailers over-optimistic on sales

ported output per man had gone up by 5 per cent last year and was now working environment are transforming conditions in the industry."

BRITAIN'S RETAILERS and including wholesalers, retailers and since the survey began. A balance wholesalers are now carrying exmotor traders, found that sales volony 12 per cent reported that cessively high stocks because they were too optimistic about sales had been expected, but a slight imgrowth in recent months, according the latest joint Financial Times/ Confederation of British Industry survey of distributive trades. Sales volume in March grew more slowly than in previous months, the survey shows, but retailers and wholesal-

ers expect an improvement in April.
The survey follows the announcevices, including leasing.

Mr Butcher's answer points out that the ratios are calculated from of retail sales had risen by 1.9 per cent in March, compared with a rise of 0.2 per cent the previous month. Christmas and new year sales were disappointing, although still high hy comparison with the previous

The whole distribution industry,

THE BRITISH textile industry is

now producing at levels well ahead of the rest of the manufacturing

sector and in many cases ahead of

competitors in Europe, Mr Harry

Leach, president of the British Tex-

tile Confederation, said yesterday.

Presenting the 1985 annual re-

port and review of 1985-86 he re-

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

ume did not rise as fast in March as sales were good for the time of provement is expected in April. Of the 590 respondents in the survey, 53 per cent recorded sales last month higher than a year ago, com-

The halance of distributors reporting that their sales were good for the time of year fell to 14 per cent the lowest level in the past year. Orders placed with suppliers were also lower than expected, with a balance of 22 per cent to decline further in April.

pared to 27 with lower sales - a bal-

ance of 26 per cent.

Retailers also reported slow sales growth. The halance reporting that les were hetter than a year earli-

by 5 per cent last year and was 10...
40 per cent ahead of its level in

1980, "a record well above that of

performers in the British economic scene, he said. Modern electroni-

cally controlled, ultra-high-speed

equipment and a greatly improved

Textiles had been one of the star

British industry as a whole."

year, perhaps reflecting the cold

Footwear and leather shops and retailers of household textiles and furniture reported sales lower than a year ago and poor for the time of year. Grocers continued to report good increases in sales volume appear the most optimistic about sales prospects in April.

Only confectionery, tobacco and newspaper shops expect April's sales to be lower than in 1985. For retailers as a whole a balance of 42 per cent expects increased sales.

Among wholesalers, a balance of 23 per cent, the lowest for a year, reported March sales better than a

This bright picture of an industry

often portrayed as being one of the

sunset sectors had come about after

a period of enormous change. Since

the industry had lost 200,000 jobs, a against European currencies, had

1978, at the onset of the recession,

loss Mr Leach described as "a hu-

since the survey began. A balance said sales were good for the time of year, while the halance reporting excessive stocks in relation to ex pected demand rose further.

Durable household goods showed the largest increase in sales in March. Wholesalers of machinery and office equipment, farm machinery, clothing, textiles and footwear reported sales lower than a year

Motor traders' sales volumes slowed down more than expected in March, with the balance reporting sales higher than a year ago drop-ping to 13 per cent, from 37 per cent in February. For April, a balance of 48 per cent expects sales higher than a year ago.

CRI/FT distributive trades surpeus Confederation of British Industry, Centre Point, 103 New Oxford

opened new export and import-

substitution opportunities.

Land Rover and the state-owned VM company, based at Cento, near Bologna, have together spenf-£5m. over the past two years to develop from a standard VM unit what they claim is an exceptionally powerful diesel engine. They say it gives the huxury, all-wheel-drive Range Textiles 'leading manufacturing output' Rover an impressive performance both on the road and across coun-

> VM (Stabilimenti Meccanici VM), part of Italy's IRI state industrial holding group, was chosen by Land It had also had to face fluctuating exchange rates and imports from low-cost producer countries. Over-Rover after another project, with valuation of sterling had meant that the industry competed "with one hand tied behind its back," though more recent movements, especially was aborted in 1983.

Range Rover model launched with Italian diesel engine BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER, the state owned BL called the Iceberg - for use in Land Rovers, Range Rovers and Rover cars as well as for Perkins to sell subsidiary, is using an Italian en-gine for the first diesel-powered. version of the Range Rover, for industrial purposes, melted launched today at the Turin motor away because of reliability and pershops. formance problems. The new model will play a key

Land Rover claims the VM turbo fiesel, a 2.4 litre, four cylinder, 112hp unit, gives the Range Rover a top speed of 90mph, making it a clear leader in its field, as well as part in the company's sales drive on the European continent. It is expected to boost considerably Range Rover sales in markets, such as giving impressive economy for a four-wheel-drive vehicle - nearly France, Italy and Spain, where die-sel fuel costs are relatively low.

35mpg at cruising speed.

The company expects to sell between 2,500 and 3,000 of the Range Rover Turbo D models this year and 5,000 in 1987, with a least half being incremental sales rather than to customers who would have bought other versions of the vehi-

The addition of the diesel version following quickly on the launch of Range Rovers with fuel-injected engines and four-speed automatic gearboxes, should lift continental European sales of the Range Rover the Perkins company in the UK, this year from 5,323 in 1985 to a record 7,000, the company says, with a was aborted in 1983. ord 7,000, the company says, with a
The joint venture; to develop the further significant increase next
V8 Rover engine into a diesel – year."

#### Cummins to buy BL offshoot

CUMMINS ENGINE, the US diesel commercial vehicle operations. engine group, has agreed in princi-ple to buy Self-Changing Gears (SCG), a subsidiary of state-owned BL's Levland Vehicles.

The agreement was announced yesterday on the eve of a meeting of

SCG, which is based near Coventry, designs and manufactures autom ic transmission for commercial and

The acquisition is one of a series the full BL board to consider the made by Cummins recently in Eumerits of bid proposals from four rope and the US, as part of a strateparties for its Land Rover division. gy to widen its operation from en-Like Self-Changing Gears, Land gine manufacturing to inclinde Rover forms part of Land Rover engine-related products and ser-Leyland, which embraces all BL's vices.

# Break in Atlantic cables disrupts communications

Friday afternoon, creating weekend

Friday afternoon, creating weekend "Among the casualties of the accicommunications" difficulties be deat was the Financial Times, Montween the two countries day mornings US edition of the patype of the cables will be reported in New Jersey but
paired by this weekend in the transmitted by facsimile process
meantime lost services have been from Europe, could not be prore-routed via satellite and other deced. Copies were flown instead
cables so no further delays are
expected. The ET's transmitantic link from
it is thought that the accident—Tondon is via stiellite. However.

its anchor across the cable on the lantic cable system and it we seabed. A specialist vessel belong that the problem arose.

TWO TRANSATIANTIC telephone ing to the American AT&T telecom cables (Tais) linking Britain and munications company began work the US were accidentally cut last: yesterday to locate the break.

Friday afternoon, creating weekend "Among the casualties of the acci-

# **Base Rate** Change

With effect from Monday, 21st April, 1986 Co-operative Bank **Base Rate changes** from 11.00% to 10.50% p.a.

Deposit rates will become

Interest paid half-yearly 7 days notice 6 33% I months notice 5.00%

# THE CO-OPERATIVE BANK Co-operative Bank p.l.c., PO. Box 101, 1 Balloon Street, Manchester M60 4FP.

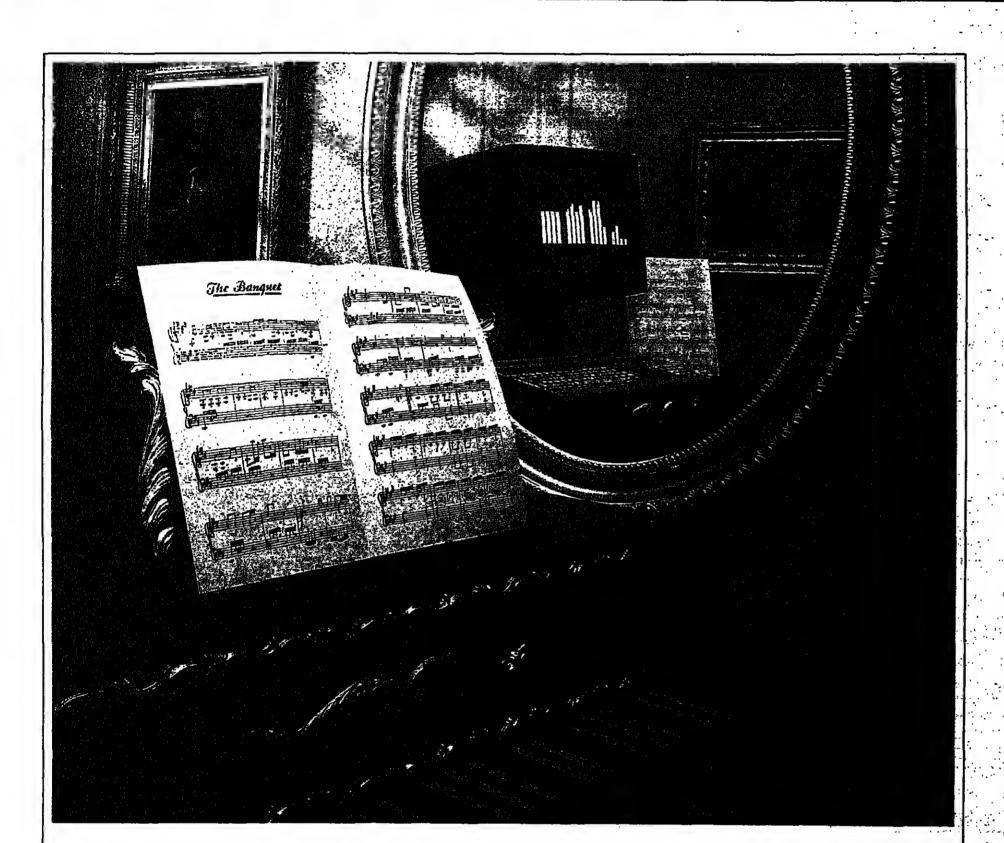
# Bank of Ireland

announces that with effect from close of business on the 22nd April, 1986

Base Rate for Lending is reduced from 11% to 10½%

per annum





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The conductor is the DP Manager. And each musician has keyboard access to his own part of the score.

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And if, to maintain the parallel, it had been composed by Norsk Data, selected members of the audience could actually help the conductor change the tune.

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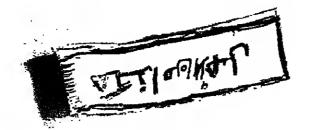
make our overtures in your own office.)



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OFFICE 2000 MANAGEMENT

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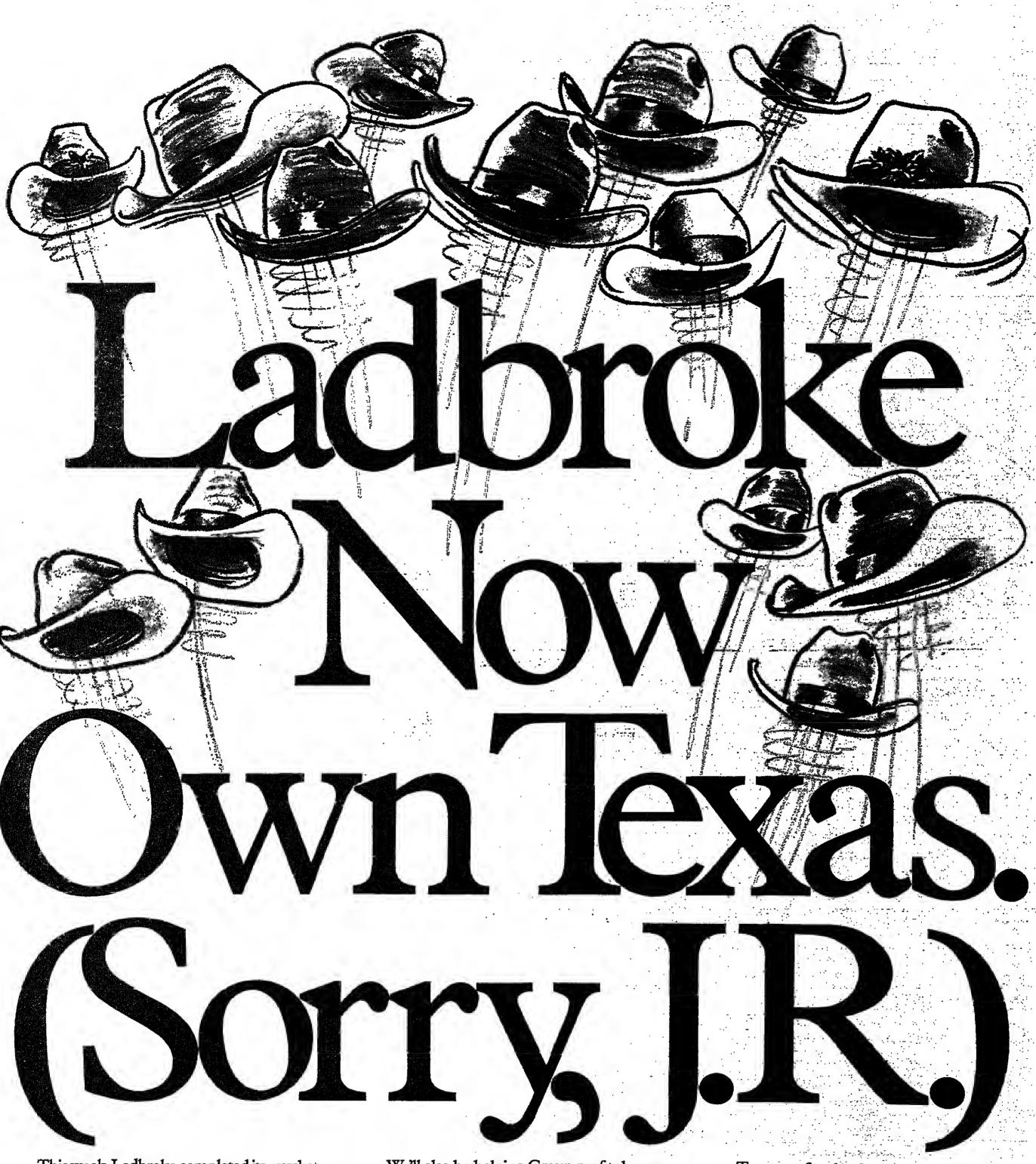
And the way we've managed to invest \$1 billion a year in research and development is proof enough of the resources, and the commitment, to provide a service well into the 21st Century.

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This week, Ladbroke completed its purchase of Home Charm, the giant DIY chain.

Trading under the Texas Homecare brand name, Home Charm has 136 superstores with more than 3½ million square feet of retail selling space.

Texas is already one of the top two DIY chains in Britain and Ladbroke are dramatically stepping up the development plans.

In 1986 we'll be opening 21 new Texas superstores, fifty per cent more than planned.

We'll also be helping Group profits by combining the warehousing and distribution systems of Texas and Laskys.

(If you think it makes sense to sell Laskys products in Texas, you're right. Starting next month they go into 8 test stores.)

With our experience in running national chains (we already manage over 2,500 outlets) we're confident we can make Texas even more successful than it is.

Turnover for the first quarter of 1986 was 30% up on the same period last year, so we're coming in on a high.

DIY retailing is a fast-growing leisure time industry and Texas will become our fourth core business alongside hotels, property and racing.

In 1985, the Ladbroke Group reported record profits of £75 million-50% up on 1984.

We're confident that 1986 will continue the trend.

Ladbroke. The Far From Leisurely Leisure Group.

#### Galleries/William Packer

# In response to raw timber

David Nash, now just rurned 40, is one of the most notable and Idiosyncratic of his, the latest but one of those generations of New British Sculptors that seem always to be with us. Close to Richard Long in bis sense of place that would appropriate the landscape itself into the work, but by no means so footloose and far-flung, and so footloose and far-flung, and to Nicholas Pope in the direct and simple carving and disposition of natural material, Nash has made the rough and ready working of raw timber, whether lately fallen and still green or living and growing still, quite

his own.

His work has been shown widely at home and abroad but for the most part in official or institutional circumstance. He achieved a particular success some four years ago in Japan where he worked for some months on his contribution to the British Council's large exhibition of contemporary British Art, for though it might seem that his working practica would fly in the face of the Japanese aesthetic of precise and exquisite craftsmanship, in fact his innate sympathy for his material was both understood end shared, and the contradic-

Well known as ba is, bow-ever, with his work in major collections around the world, his appearances in London been comparatively rare and confined in recent years to of one kind or another. A show at AIR in 1978 was his last solo outing in London and until now he has always steered clear of tha private dealers, choosing rather to shift for bimself from his base in North Wales, Trea into Vessel, his current exhibition at the Juda Rowan Gallery tin Tottenham Mews W1: until May 24), is thus a

kind of debut. But this is a theme show only in the most general sense, for his use of the word vessel in the title is highly personal and even he feels that it requires a certain gloss. "The objects I make," he tells us, "are vessels for the presence of the human heing, aware and surrendering being, aware and surrendering to the realities of nature;" and

crude as the stand-np comic line, "Take my mother-in-law

-please," but then again maybe

At least the playwright, whose previous work includes scripting the films Blazing Saddles and The In-Laws, turns the

ugly maliard into a swan. The

transformation bappens too fast for credibility, but sleight-of-hand turus out to be the second

bag of tricks be has to accom-

the difference between a comic routine and a play, a subject Social Security is perfectly suited to elucidate. The answer.

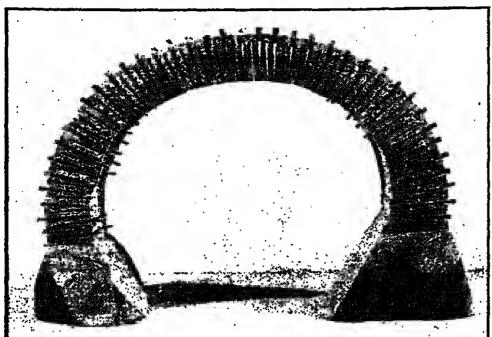
apart from Tony Walton's sump-tuous set depicting an art

dealer's East Side flat overlook-ing a street of gorgeons Georgian houses, is that every-

The comics are the resident couple, David and Barbara Kahn, played with East Sida

What, you might ask, makes

pany the jokes.



Elm Spring Arch, one of the works in David Nash's London exhibition

sanctnary, ark: it is an inevitable quality of art, whatever tha particular epithet we might give it, that simply by making it the artist huilds into it the history of its making, overt or and with it that almost magical sense of personal inter-

But what Nash tells us, which we should know already were we to give it a moment's thought, is less important than thought, is less important than the opportunity he gives us, by tha example of his own open physical celebration of his material in everything be does, material in everything be does, to engage curselves imaginatively in the work. He cannot bring to London the arbours and magic groves be has set out in the woods and hills around his atudio home, but be can show us the things he makes, the forms he discovers for himself, that by implication we may discover on our

Social Security/Ethel Barrymore, Broadway

Frank Lipsius

Andrew Bergman builds Social Thomas. Knowing her square the accountant and wife come

Security, his new comedy at sister Trudy and husband back content to relate that the Ethel Barrymore, round the proverhial mother-in-law joke. The antics, directed with impeccable timing and taste by Mike Nichols, may not become as an ambuvided of nillow out of prove that the sexual revolution in the second size of the nillow out of prove that the sexual revolution in the sexual revolution in

an embroidered pillow out of the closet to ruin the atterly

cool look of the pristine salon,

mother-in-law is a first-act rou-

tine that explores the promis-cuity of the Long Island couple's

daughter, Sarah, off at univer-sity in Buffalo. As Martin reads

from a notebook Sarah's graphic

description of her sex life.

Uncle David heartily approves

At the end of the act, the sul-

len parents reveal their plan to

rescue Sarah - bring the mother-in-law to stay with the

Khans. The curtain falls as the Gorgon bead drags herself into

the flat supported on a clanging

walking frame as appropriate

All is happily resolved over

fully played in ber extremes by

Olympia Dukakis, charms a famous 98-year-old painter, himself the charming Stefan

to the setting as poverty.

thing is paired—two comics, a dinner party in the second two foils, two acts,

when he isn't drooling.

Setting up the arrival of the

His invention, in the particu-lar form of each work, is entirely his own, but what he shares with us and by which we gain so much, is the more general demonstration that general demonstration that there is nothing which cannot be transformed and enlivered imaginatively even by the simplest and most direct of interventions. The plane cut across the log reveals other structures and fresh images, and as the wood dries, so it changes colour and trists and changes colour and twists and warps. The work brought from the studio into the different

Nash's sculptures weightier now, less flightly and whimsical in their imagery, and strong and simple in their formal structures. A trunk is stripped and faceted, then cut to the realities of nature;" and what he gives us is simply a selection from the recent work of his that is studio-based and thus the realities of nature; and we may discover on our almost through concertinawise, now one side now the other, that the realities of nature; and thou we may discover on our almost through concertinawise, now one side now the other, that the realities of nature; and thou we may discover on our almost through concertinawise, now one side now the other, that is studio-based and a log of wood.

hit the middle generation too.

running gag about the mother-in-law's half caten bolled sweets

gets sticky and the opening phone conversation about paint-

ings of nnns on skie is far too

slick. But Ron Silver has a

sincerity that makes bim cap-able of selling anything as

modern art (or humour), and Mike Nicbols keeps the visual

gags rolling along to the pur-portedly meaningful but merely

The Royal Opera's new pro-

duction of Fidelio will be the

first to benefit from the Jean

functional bappy ending.

There are slow passages: a

atmosphere of the gallery is moving all the time, and should it split and crack at last, so

form a sound if faintly pre-carious arch. Branches cut close to the stem are piled together in an unrepeatable conformation, thick ends to the centre to build a dense internal pillar—and should one hranch break, wby, cut another. Such lack of preciousness is indeed a fine and effective defence against all feyness and whimsy. The piece that is at once the most powerful in its presence

and the most mysterious is also the most aimpla, a dense Black Dome of thick chestnut stumps, the ends burnt to charcoal and roughly pointed, rising gradu-ally from only an inch or two ally from only an inch or two
at the outer ring to the two
feet or so of the single post
at the centre. "In Air Wood
cracks, In Fire Wood hurns,
In Water Wood floats, In Earth
Wood rots." Nash's preoccupation with natural process is
clear enough, but of them all
it is fire which exercises the
deepest atavistic hold on the
imagination, the very stuff of

tunes and rum-ti-tum rhythms

Hall on Sunday evening was not

The Stabat Mater, completed

in 1842, is one of the composer'a

finest later works. In its barmo-

nies and interplay of voices the master opera composer scatters

a fertile supply of small, un-forgettable ideas.

accompanied quartets. Others breed music for a solrée musicale—yet the whole thing

has a joyous, radiant dignity, which Sir John Pritchard and

The cast will be led by James

King as Florestan and Elizabeth Connell, singing Leonore for

Some mature into chaste, un-

encouraging.

best of these pieces surely long gone, though the sparse audience at the Festival

Pritchard/Festival Hall

No apologies should be neces-sary for Rossini's choral music. The time when critical ears could only hear rollicking good

No apologies should be neces-inis BBC forces indulged to the full,

Echoes of the opera house
were far away. Pritchard's per-

Richard Fairman

ritual and celebration, purifica-tion and destruction.

Ahove the two floors of the Nash Show, the top-most gallery is given over to a small display tuntil July 5) of the drawings and collages of Friedrich Vordemherge-Gildewart, a German contructivist ertist and applicate who is the 1920s was architect who in the 1920s was member of Der Sturm and De Stijl and an associate of El De Stijl and an associate of El York It is a buge bit in Sydney Lissitsky, Arp, Schwitters and van Doesburg. He moved to Switzerland and then to Amsterdam in the late 1930s Toronto. Amsterdam in the late 1830s where he spent the war, and was one of the artists denounced by tha Nazis as degenerate. The show covers for me on Friday night in the Dis whole life in a sequenca of exquisite if often tiny and marginal sketches and studies for abstract works and a handful of elegant, simple collages that incorporate fourteilles. The London-Based financier ful of elegant, simple collages that incorporate figurative elements.

He died in 1962 at the age of 63, and when his wife, Leda, died in 1981, one of the provi-sions of the trust she established in his memory by the terms of her will was for a prize to be given every year to an artist under the age of 35. SFr 30,000 is no small sum by any measure, and this year the trustees looked to Britain for the first time for a winner. A sbort list of 21 artists was nominated and the adjudication in which I was invited to take part, took place in London

There is no rule which limits eligibility to artists working within the constructivist tradition and indeed it has taken until now, with the fourth award, for such an artist to win the prize. Christine Hatt won a unanimous decision in the a unanimous decision in the final round with her refined yet authoritative images of dense, black surfaces articulated by simple divisions. There was no provision made for a second prize, but the trustees wished to mark the jury's admiration for the more cursive and expressionist abstract paintings of Joy Johnson, and so made available an ad hoc award of a further SFr 5,000. To offer such disinterested award of a intriner Srr 5,000.

To offer such disinterested support to young British artists is extraordinarily generous, and the Vordemberge Trust is to be thanked quite as much as the artists are to be congratulated.

were far away. Pritchard's per-formance was gracious and

Even the "Cujus animam," the work's famous solo, was not

its usual vulgar self and the

tenor Robert Gambill really needed more body in the voice

to match his conductor's majestic tread.

The other soloists laren much better. Felicity Lott, the soprano, rose splendidly to the challenge of the dramatic "Inflammatus" with glorious

tona and a sure, ringing top C.

She bad good support from the mezzo Anne Howells and,

especially. John Tomkinson, whose dark, Incisive bass ranged over the two octaves of

"Pro peccatis" to great effect. The BBC Symptony

Chorus, precise in ensemble,

were on top form.

Another composer with a sanse of humour came first. Haydn's Symphony No 98, a little ragged at the edges though good-bumoured enough, made a fitting Item to open the concert Perhaps one of his

concert. Perhaps one of his cboral works would make a

The other soloists

depth in every corner.

#### Cats/Operettenhaus, Hamburg

#### Michael Coveney

The Cats bandwagon rolls on. Andrew Lloyd Webber and his London coterie flew into Hamburg on Friday afternoon to be met by film crews, a civic recep-

mer by film crews, a civic reception, a champagne and ice-cream
premiere and the news that the
German Katzen bas already
taken DM 6m at the box office.
Five years after its London
opening on an initial investment of £500,000 (an amount
raised with some difficulty).
Cots sbows a weekly profit for
its investors of £30,000 in
London and \$120,000 in New
York It is a buge bit in Sydney

The London-based financier Friedrich Kurz has secured an open-ended licence on the build-ing, ditto on the Katzen per-formance rights, and West Germany has an almost unprecedented long-running com-mercial hit on its hands,

Tha production is by no means slavishly modelled on tha Trevor Nunn original. That version bad hardened, I felt, in New York to expose the dangers of the evening becoming a series of disconnected items each delivered with panache bnt a sort The cast is of mixed of ingratiating brightness. David nationality — German, Dutch,

atmospheric galactic canopy.
The costumes may not be up to
full scratch, but Stanley
Lebowsky's musical direction is
surely the best so far — under surely the best so far --- inner John Baer'a baton, the songs acquire a stylistic uniformity through Weillian, tensile distribution of accompaniment while remaining wittily aliva to each song's individual merits. The level of musicianship is very

Taylor's production throbs with a aense of feline and sexual exhalation and reactivates the exhalation and reactivates the key dramatic invention to bind the Elinr possus: the annual Jellicle ball at which a lost member will be restored to Jellicle life.

Jo-Anne Rohinson's cboreography renews the innocence and joy of these moonlit strutters exulting in past glories and reputation while simultaneously registering the fragility and delicacy of existence through movement. The danger of all those shoulder shrugs, shin shakes and lunges hardening into a set of showbiz paw chores has been successfully avolded.

The design, too, is similar to John Napier's but not oppressively so. The Operettenhaus is more accommodating of the winder at continuously diverting atmospheric coloured light show doubles as an increasingly atmospheric galactic canopy. The costumes may not be up to

Heavyside Layer through the roof).

A high proportion of the Hamburg audience will be coming from outside the city. The Deutsche Bundeshahn is selling tickets for the show throughout West Germany and the day is not far off when every station—all 7,000 of them—will display a Cuts poster. Meanwhile, productions are anticipated in Brazil, Holland, France, and there is even a chance of a Korean premiere timed to coincide with the next Olympic Games.

#### Horowitz/BBC 2, Radio 3

#### Andrew Clements

tha country of his birth 60 years after be left to settle in the USA bas heen the most spectacular result of the critural agreement signed at the Gorba-chev-Reagan summit last November. Horowitz is in the Soviet Union for two concerts, and the first of those in the Moscow Conservatory on Sunday was broad-cast by the BBC simultaneously on TV and radio.

Any appearance by Horowitz nowadays has to be treasured; this one, though, seemed par-ticularly special. The concert itself was framed by film of his arrival in Moscow and an interview with the pianist himself, in which the beatific smile scarcely ever left his face. When we got down to it, the programme was the mixture of lollipops that has characterised his recitals in the years since his last comethe years since his last conte-back, with Scarlatti, Mozart and Schubert now placed alongside the expected Skryahin, Rakh-maninov, Chopin and Liszt.

markable powers of memory

were demonstrated on Sunday

night in a concert be conducted

with the London Symptony Orchestra and Julian Lloyd Webber at the Barbican Hall.

Sir Arthur Sullivan's Cello Con-

certo in D was the second Item

on the programme, a work which no living person other than Sir Charles bas ever con-ducted. It was written for Platti

who gave the première in 1866, when the composer was 24. The

only score and set of parts were irretrievably lost in a fire at Chappell's, the publishers, in 1964. But Sir Charles, working

with the only remaining evidence of the concerto—a solo cello part, which carried a few indications of the orchestral accompaniment—was able to reconstruct from his

Vladimir Horowitz's return to to his personal canon is often the ability to manufacture an taken to indicate a latter-day intensely dramatic scheme classical purity in Horowitz's within the confines of the G classical purity in Horowitz's playing, but neither Mozart's C major sonata, K 330, nor Schubert's B flat Impromptu sharp minor, while Skryabin's D sharp minor prelude from Op 8 exploded into such con-centrated violence that it starcely seemed contained by provided convincing evidence of that. Rather, both were fascinating for the way in which they were fashloned strictly accordits formal structure. ing to the Horowitz aesthetic, with few concessions to period

Then to Liszt—the Petrarch Sonnet 104 willed to a comprewith few concessions to period style—dry, fiercely articulated passage work and generous helpings of ruhato for Mozart, with the famous left hand only just kept within the bounds of decency in the finale, and some grand retorical gestures in the honorarity. hensive and perfectly paced climax—and finally to Chopin. Two mazurkas were crammed Two manukas were crammed with relinements of touch and colour, while the A flat Polonaise may not have been as piercingly accurate as it would have been from the same pianist to years ago, but surely generated no less fury in its closing bars. And, as if to prove that the lechnique was still virtually intact after 82 years, a group of demanding encores was note perfect—the inevit-Impromptu, contrasted with some exquisitely focused and apparently effortless semi-quaver figuration. But the temperature really began to rise with the Russian repertory. Two preludes from Rakhmaninov's Op. 32 displayed aspects of Horowitz's art that was note perfect—the inevit-able "Traumerei;" a Moskowsy Schubert now placed alongside one has had ingrained from his triffe, with razor-sharp articular records; the infinitely flexible, tion, and Rakhmaninov's Polka perfectly projected singing of W.R., lovingly shaped and melody in the G major, and overflowing with exuberance.

#### LSO/Barbican Hall Paul Driver

work in provisional form.

Then another solo cello part turned up, this one with indications of the orthestral bass-lines. Sir Charles found that he had been mostly on the state of the control of the chartest of the control of the chartest of the control of the chartest of the chartest

"It is a most unsatisfactory work — merely a piece of juvenilia which the composer seems to have rightly wanted to suppress. Its gaucheria is manifest in a lop-sided arrangement of movements — the first is ridiculously abbreviated—in over-simplified structures, and ence of the concerto—a solo over-simplined structures, and cello part, which carried a few four-square, fustian thematic indications of the orchestral ideas. It is written in a post-accompaniment—was able to reconstruct from his memory of scarcely prophetic of the sparkhis own performance 33 years ling Sullivan to come, though

Sir Charles Mackerras's re- ago the entire three-movement it does curiously anticipate the

been mostly on the right track and, with the help of a Sullivan specialist, David Mackie—who unearthed the second source—proceeded to make a playing edition of the concerto.

The programme included that most colourless of openers, the concertor of the concertor tbat most colourless of openers, Sullivan'a Overture di ballo, here furnished for the first time with some passages in the manu-script which the composer deleted from the published score. It was a very scholastic concert and also brought us a rare hit of Elgar-the Romance fdr bassoon and orchestra, written in 1910, unheard in the composer's cello arrangement until Lloyd Webber gave it a year and most eloquent.

# panache and a soupcon of mis-chief by Ron Silver and Marlo Schnabel. They go off for a fling, Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Thesize/ all the Arts appears each Friday.

(53 24/28 57).

Sainsbury fund sponsors Fidelio

first to benefit from the Jean
Sainsbury Royal Opera House
Fund since bar donation last
autumn of £1m to the Royal
Opera House.

Andrel Serban will be responsible for the new production, which will be conducted by
Colin Davis, It opens on Jnly 2.

La Cenerentola. Donato Renzetti conducts the Loodon Simoniette opera orchestra. TMP-Châtelet (4233 4444).

Endle Dubois group follows Mam-mane with a second programme equally choreographed by Jean-Claude Gallotta - Pandora et les Louves at the Théàtre de la Ville (4274 2277).

Opera and Ballet
Rome: A new and elaborate production of Massenet's Herodiade direction of Massenet's Herodiade direction of Massenet's Calmetti, with a cast ed by Antonio Calenda and conducted by Gianluigi Gelmetti, with a cast
including Monserrat Caballe (Salomé). Juan Pons (Herod), Agnes
Baltsa and José Carreras. (46 17 55).
Milan, Teatro alla Scala: Three ballets
by Balanchine: Balletto Imperiale
and Pas de Deux to music by Tchaikovsky, and The Prodigal Son to
music by Prokofiev. (80 91 28).
Naples: Teatro San Carto: Massenet's

NOTICE OF REDEMPTION

To Holders of U.S. \$100,000,000 GMAC Overseas Finance

Corporation, N.V.

15% Notes due May 15, 1987

Notice is hereby given that pursuant to paragraph 8 of the Notes and Section 4 of the Fiscal and Paying Agency Agreement dated as of May 15, 1982 between GMAC Overseas Finance Corporation, N.V. (the Company) and Citibank, N.A., Fiscal and Paying Agent, the Company hereby gives notice of its election to redeem all nf its 15% Notes due May 15, 1987. The date fixed for redemption ahall be May 15, 1986 and the Notes will be redeemed at the price of 100% of the principal amount thereof together with accrued interest to the date fixed for redemption. After May 15, 1986 the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender togethar with all appurtenant conpons, if any, maturing on and after the date fixed for redemption at the principal office of the fiscal agent, Citibank, N.A., 111 Wall Street in New York City or at the principal offices of Citibank, N.A. in London, Frankfurt/Main, Brussels, Paris and Zurich and the principal offices of Citibank, N.A. in London, Frankfurt/Main, Brussels, Paris and Zurich and the principal offices of Citibank (Luxembourg) S.A. and Banqua Generale du Luxembourg S.A. in Luxembourg.

Citibank, N.A., Fiscal and Paying Agent on behalf of GMAC Overseas Finance Corporation, N.V.

#### Don Quichotte conducted by Piero Faggioni and directed by Yan Pascal Tortelier. In the cast, Ruggiero Rai-mondi, Martha Senn and Michel Trempont. (41 82 65).

VIENNA Stantsoper: The Magic Flute conducted by Voo Dohnanyt; Simoo Boccanegra with Cotrubas; Manon; Maria Sharda conducted by Fischer with Baltsa, Gruberova. (53 24/28 55).
Volksoper: Händel's Ginstino; The Magic Flute conducted by Bauer-

# Theussi; Giselle; Weinberger's Schwands der Dudelsackpfeiffer.

Amsterdam, Stadsschouwhurg. The Netherlands Opera with the Italian section of the CIVIL warS by Philip Glass and Robert Wilson, directed by Robert Wilson. The Netherlands Philharmonic under Lucas Vis, and the Netherlands Chamber Choir conducted by Siebe Riedstra (Mon,

**NETHERLANDS** 

# (Thur). (42 27 41).

SPAIN
Barcelona, Norma stars Joan Sutherland, Doris Soffel, Jesus Pinto, Giorgio Surjan, conducted by Richard Bonynge, Gran Teatre del Liccu, Sant Fau 1. (316 92 77).
Madrid, La Sonnambula. Teatro de la Zarzuela, Jovellanos 4. (429 52 16).
Madrid, Ballet Nacional de España.
Swan Lake – Act II, Fastoral Sym-

#### phony by Beethoven and El Corsar-io. Testro Mommental, Atocha 65. (239 40 14).

LONDON

April 18-24

Boyal Opera, Covent Garden: More of the objustious but promisingly cast Barbiere di Siviglia is joined by another box office favourite. Les Con-tes d'Hoffmann returns, conducted by Charles Dutoit and with a line-up led by Neil Shicoff, Samuel Ramey and Luciana Serra (249 1068). and Luciana Serie. (240 1060).

English National Opera, Coliseum:
The last performance of Joachim
Herz's Parsifal shares the week
with Moshinsky's emberant Bartered Bride and the hapless restag-ing of The Merry Widow. (838 3161).

**NEW YORK** New York Chy Ballet (New York State): Still largely reliant on the repertury developed by George Balanchine, the company's month-long programme includes Mozartisme, Stars and Stripes and Donizetti Variations, Ends June 22, Lincoln Center 1000 53701

WEST GERMANY

Berlin, Deutsche Oper: Lucia di Lammermoor has Angela Denning, Salvatore Fisichella and William Murray. Die Soldeten, produced by Hans Neuenfels, returns with Catherine Gayer and Walton Gröuroos. Elektra has fine interpretations by Helga Dernesch, Ute Vinzing, Marita Nepier and Hans Beier, Also in the repertory: Zar und Zimmermann and Der Troubadour. The latter brings Rains Kabaivanska and Victor wop Halem together. (34 381).

# South Bank prospect The South Bank Centre, The South Bank's summer

revealed its creative plans for the South Bank Centre's general the future. It is a rather distant prospect since the concert halls, man, is visible in this early especially the Festival Hall, are already booked for most of the

But, hy the autumn of 1988, the South Bank Centre's plans to bring together, in joint collaboration, all the area's arts institutions should bear fruit develop the Queen stage for val, to be known as "Perspectives '88." There will be new plays at the National Theatre.

And just as the arricula diese a major contemporary art show at the Hayward Gallery, experimental films at the National Film Theatre—and lots

National Film Theatre—and lots of contemporary music.

The BBC, LPO and London Sinfonletta orchestras will be celabrating Messiaen's 80th birthday: the Philharmonis will offer a tribute to Lutoslawski; and Steve Relch, Eiliot Carter and Stockhausen will be prominently featured. "Perspectives" will also launch the first of an annual "New Music Review," which will giva British premières to new works from foreign festivals.

The next attempt to draw together the arts will be a French festival in the summer of 1989; then one giving a broader

films and their mutual accompaniment; and so on, into the 1990's.

which took over control of the seasons will continue, but with Thames-sida arts complex from a distinctive annual flavour the GIC on April 1, yesterday that for this year will be the lifted its skirts a little and 20th century. The influence of

As well as going for themes," rather than the old diet of one-off concerts by the four major London orchestras. the South Bank also intends to develop the Queen Elizabeth Hall into a second stage for

And just as the artistic diet on the South Bank should change over the next few years, the look of the place can expect even faster transforma-tion. Work has already begun on planting more flowers and shrubs, hrightening up the con-crete farades with banners and lighting the trees on the em-bankment.

and Steve Relch. Effliot Carter and Stockhausen will be prominently featured. "Perspectives" will also launch the first of an annual "New Music Review." which will giva British premières to new works from foreign festivals.

The next attempt to draw together the arts will be a French festival in the summer of 1989; then one giving a broader artistic perspective to Peter Hall's productions of Sbake-speare's late plays: a survey of melodrama; a series devoted to films and their mutual accomwalkways internal floors.

**Antony Thorncroft** 

# JCB & LAND ROVER

# Dated: April 8, 1986

XXII WEEKBAU FI

#### **FINANCIAL TIMES**

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Tuesday April 22 1986

# The monarchy adapts

Korean war was under way, Winston Churchili was back in office as a Conservative Prime Minister, and much of the British Empire was still intact. It would be hard to argue that she did not have a calming influence on the vicissitudes that followed, both in Britain

It was the Queen, for example, who was stressing the importance of Anglo-Indian relations and Indian development two years ago when relations at the inter-governmental level were strained. Without the monarchy, British diplomacy in the third world might have been more arduous and less

Nor has it been only the Queen; the plaudits extend to the royal family. Princess Anne, once not the most popular of figures, bas transformed her reputation by beloing to concentrate public attention on the need to relieve famine in

cess Elizabeth should marry the man who became the Duke of Edinburgh. Novadays it is normal for Prince Andrew to marry a commoner.

The Roya's make robust remarks about architecture and the state of British industry and education. And if the Queen prefers Ascot to Wimbledon, and chooses to reside in Holyrood without visiting the adjacent Edinburgh Festival, hardly anyone holds it against her. Other members of the royal family cover most of the rest of the walks of British and international life.

So the country has been for

radical constitutional change is the system.

(a) that experience has shown that it is very difficult to get it through hoth houses of parliament (b) that it is therefore not worth the effort and (c) that since we have never really had a main constitutional crisis for a major constitutional crisis for centuries, the existing system

Yet it is possible to underestimate how precariously we have survived. The House of Lords has not been substantially have survived. The House of Lords has not been substantially reformed for years, except by the admission of life peers. It remains unelected, and the way it chooses to use its powers is unpredictable. We live with an bonours system that if not actually corrupt is at least politically opportunistic and may bave unhealthy effects on Britisb social life. And the chances of a fairer voting system are remote unless there is a bung parliament, and peris a bung parliament, and per-baps not certain even then.

Written constitution

It is not inconceivable that one day constitutional problems could come to a bead: through the House of Lords, for instance, flatly rejecting the At bome the royal family has adapted to changing social circumstances. Only 40 years ago it was thought at least questionable that the then Prinleaders of the Liberal-SDP are So desirous of achieving. The so desirous of achieving. The Queen bas never bad to face such issues before.

No doubt she would deal with them well, but that is to rely on a statement of faith rather on a statement of the than the rules laid down by a written constitution. The burden on the monarch could be quite heavy.

There is also the question of

how long the Queen should go on. One of the adaptations in the monarchy might include abdication at an appropriate time, especially since the Prince of Wales has been trained to succeed. That, too, needs to be talked about,

So the country has been fortunate in its monarchy for the
last few decades. It has been a
remarkable phenomenor. Yet it
is precisely because it has been
such a phenomenon that some
thought should be given to the
future.

The trouble with the nawritten British constitution is
that it is based on the assume heen exceedingly fortunate but that it is based on the assumption that in the end practically the success and popularity of everything turns out all right: the monarchy abould not through. The case against look at the flaws in the rest of the success.

# The promotion of competition

COMPETITION POLICY in Britain is badly in need of an overhaul. This is the message being broadcast londly by leading barristers, academic lawyers and economists. It was also the theme recently taken np hy Sir Gordon Borrie, the long-serving director-general of the Office of Fair Trading. Mr Paul Channon, the Trade and Industry Secretary, is sbortly to announce a wide-ranging reviaw of competition policy.

The reservations about existing the economic consequences of ing policies are many and the Omce of Fair Trading. Mr Some argue that the comPaul Channon, the Trade and Industry Secretary, is shortly to announce a wide-ranging reviaw of competition policy.

The reservations about existing policles are many and varied. At the philosophical level, economists are arguing prohibition of anti-competitive that much more atill needs to agreements rather than a mere that much more atill needs to be dona to instil a strong commitment to competition among both businessmen and continuers. The point often made is that Britain has never enjoyed an equivalent of John Chambers the competitive agreements rather than a mere presumption that they are against the public interest. This makes it possible to do away with a hureaucratic public register of agreements. A move towards the European

Sherman, the father of US anti-trust law who almost succeeded in writing competition into the American Constitution Indeed. for long periods, mainly before the war, UK governments came close to encouraging cartels and collusive hehaviour on the grounds that Britain could only withstand international compe-"contestable markets theory" tition through industrial co-bave altered perceptions of

practices and monopoly power have been introduced, starting with the Monopolies (Inquiry and Control) Act of 1948 and finishing with the Competition Act of 1980. In spite of codifica-tions and improvement in the coverage of the law — services, for example, were brought under the umbrella only in 1976 —the result is a complex and arbitrary body of legislation,

starting to look outdated and do as much to stultify competi-cumbersome. Whether a res-trictive agreement can be The danger is that the forthbanned depends on whether it is "registersble": this depends internal affair conducted by a not, as one might expect, on handful of civil servants. A the economic effects of the radical, thorough and open dethe economic effects of the agreement but on its precise bate is required: Mr Changon legal form. By clever drafting, companies can frustrate compation almost with impunity.

nandrul of civil servants. A radical, thorough and open debate is required: Mr Changon should seek the active participation of a wide-range of outside experts.

rules might make sense if only because they already apply to

because they already apply to UK trade with other members of the Community.

The competition policy review will also need to scrutinise the rules on monopolies and mergers. New developments in economics such as the competition of the competi operation and co-ordination.

Alternative model

Since the war, a series of measures to curb restrictive practices and monopoly power have heen introduced, starting with the Monopoles (Inquiry that make competition the clear guiding light has left open the question of what other "public interest" factors should be taken into account and how. There la also pressure to speed up the assessment of mergers so that the mere fact of a reference does not unduly alter the course of takeover battles.

arbitrary body of legislation, which husinessmen find hard to understand. Some maintain that even the hroad division of power between the Restrictive do much to improve the UK's industrial performance. But a policies and Mergers Commission is artificial and unhelpful and argue for a unified competition public as the private exetor. Illiberal trade agreements and policy which was publicly in large to having carried out a policy which was publicly in large to having carried out a policy which was publicly in large the says. "My sense of proportion is as necessary in the public as the private exetor. Illiberal trade agreements and policy which was publicly in large.

The says. "My sense of proportion cannot accept my being totally disqualified for public as the private exetor. Illiberal trade agreements and policy which was publicly known and which was executed with the knowledge of the state authorities."

coming review will be a low-key

JUST as they were shaping up to meet the latest challenge from International Business Machines (IBM), America's "other" mainframe computer manufacturers have run beading into a new crisis.

Last year's downturn in US domestic equipment sales ---which clipped IBM's earnings which chipped ibut's earnings for the first time in six years and which has continued so far into 1986 — has come at a time when the five companies known by the acronym Bunch (Burroughs, Sperry, which has dropped the Univac label, NCR, Control Data and Hearman) Control Data and Honeywell) were already implementing new strategies to survive in an increasingly difficult market-

place.
For three decades IBM bas dominated the world market for the company's awesome power has only been fully unleashed since the US Justice Department's momentous decision in January 1982 to drop a 13-yearold anti-trust suit against "hig

hlue."
The ending of the anti-trust action has allowed IBM to wield its full financial, techno-

panies — it is, incidentally, an acronym which they intensely dislike — have inevitably been caught in the crossfire.

For IBM, which set its sight on doubling its current annual revenues to \$100bn by the end of the decade, the recent econo-mic slowdown is a aethack. But for the others — among which

		Net income \$m
IBM	50,056	6,555.0
Burroughs	5,648	248.2
Sperry	5,687	286.7
NCR	4,317	215.2
Control Data	3,679	567.5†
Honeywell	6,625	281.6
Research: Rivke	Nachans.	t Loss.

same time he says: "If you don't maintain R and D spending, you get left behind."

While the mainframe is still the key central element in a company's data processing department, a growing share of tha market has bean taken by mini-computers and microcomputers designed to bring computing power to executives in their offices. In contrast to companies like Digital Equipment (which dominates the "micro" market), the "Bunch" commanded in their offices and their offices are represented slightly more than balf of its total revenues.

After some internal turmoil, ware and software systems for computer and effence business.

The group is aiming to build sing itself as a "systems integrated vertical marcellar firmly established retail and bank of the first US mainframe computer makers to recognise the impact of the micromarket), the "Bunch" com-

IN THE SHADOW OF IBM

# The desperate struggle to stay in the race

By Paul Taylor in New York

panies stil derive the bulk of their revenues from main-frames. They therefore have to stay in the mainframa race to So, most of them are stepping up both R and D and marketing expenditures. Sporry, for example, plans to spend \$2bn on research and developmant over the next five years.
But even at that pace, the
company's spending will fall far
short of IBM's. Last year
alone, IBM spent \$4.7bn on
R and D and engineering and another \$3bn on automating its There are alternatives for the Bunch companies. They could quit the mainframe husiness altogether or merge their operations. But that option they themselves rule ont on grounds of product incom-patibility. That leaves four viable alternative approaches: To scale back dependence on mainframe sales by broadening their product line; to build their non-computer businesses; to spread the beavy R and D burden through joint technology ventures or by buying

> For IBM, the recent economic slowdown is a setback. But for the other manufacturers. a protracted downturn could be the knockout blow

Burroughs has already announced a 66 per cent drop in first quarter net earnings and Honeywell a 43 per cent collapse in profits — a protracted downturn conid be the knock out blow.

"It is a very demanding resource game," says Mr Uiric Weil of the Washington-based high-technology consulting firm of Well and Associates. "IBM and the Japanese companies have resources far in excess of what each of the Bunch companies can muster," but at the same time he says: "If you don't maintain R and D spend.

"In order to stem a decline in market share and keep the group's shalled custor mer-base happy. Burroughs has recently introduced two series of compatible mainframe computers. Burroughs is emphasis. The sim, says Mr Uiric of the Washington-based companies have resources far in excess of what each of the Bunch companies can muster," but at the same time he says: "If you don't maintain R and D spend-

1970s. As a result, it was quicker than its rivals into both the personal computer market, and the market for multi-user and network systems built around its own, or bought-in semi-conductor chips.

NCR is also recognising the importance of delivering machines to its customers which will work in an IBM-dominated world. But Control Data probably goes further than any of the Bunch companies towards compatibility with "Big Bloe" while retaining its own distinctive operating system. The architecture of its Cyber 180 line of mainframes allows the machines to run both its own machines to run both its own and IBM's operating systems

Control Data, however, has other problems. Losses in its peripherals products division last year brought the Minneapolis-based group to the brink of financial disaster. Under Mr Robert Price, who replaced Mr William Norris as chairman earlier this year, Control Data is now retrenching and mainis now retrenching and main-frame computers, whose contri-bution to revenues had sunk to around one fifth, are likely to play a key rola in the company's attempts to stage a

turnaround.

Honeywell, like Control Data, is also betting on outside belp to keep pace in the mainframe race. The group, which has undergone a dramatic restructuring in its computer business under chairman Mr Edson Sponeer imparts its top and Spencer, imports its top end DPS-90 mainframe machine from NEC of Japan.

Mr William Wray, Honey-well'a executive vice-president in charge of the group's information systems division, makes it clear that "We are not going to go out and take IBM's customer base away from them and we are not going to try to spend a nickel trying to do that. Our strategy is to hold on to our own customer base." He emphasises Honeywell's continuing commitment to the mainframe marketplace, but he adds: "The growth opportunities are in the other areas the end-user area and the mini

area."
So Honeywell hopes to build its business by emphasing its systems expertise, bringing together the "three Cs."—controls, communications and computers it hopes to hook up the factories and offices of the future with everything from the sensors on the factory floor. through to the departmental mainframe.
All of the non-IBM mainframe

makers' new game plans have their strengths. But even if their strengths. But even if effectively implemented, none of them offers a guarantee of success. For example, the non-insurance companies have had only mixed success in broadening their product line. Similarly, while some may be to able successfully to exploit nicha strategies in the medium term, IBM has demonstrated that once a specialty market the companies represented by the Bunch acronym pretty much alice." While they do all still make mainframe is no longer the big room-sized number cruncher it once was. It may soon be time to lay the players, to rest.

grows big enough it will eventually pounce.

Systems integration may also appear an attractive option, but it, too, is an unproven and difficult path to follow. Even the fate of the non-IBM main-frame makers' attempts to blunt IBM's overwhelming advantage as the de facto industry standard setter, appear un-

certain.
On the face of it, buying at

standard setter, appear uncertain.

On the face of it, buying at least some technology and equipment from outside appears to have attractions for IBM's competitors. But this too can have drawbacks. For example, it could mean losing control of the product line or, to the extent that suppliers are Japanese, drawing the Bunch back into direct competition with "Big Blue."

Indeed Japanese technology already dominates the IBM "plugcompatible" market in the US (the market for mainframe machines which are wholly compatible with IBM) through the sale of Hitachi machines by National Semiconductor's National Advanced Systems subsidiary and Fujitsu'a 48 per cent ownership of Amdahl. Some analysts believe it is only a matter of time before the Japanese mainframe makers begin aggressively selling their sytems in the US under their own names. Despita these deep uncertainties, the Bunch companies' new managements generally receive high marks on Wail Street for their efforts to date. Some industry experts, like Mr Weil, believe that at least two of the group, Burroughs and NCR, stand a good chance of "breaking out of the Bunch."

But the jury is still out. Industry analysts have been predicting another industry shake-out for a decade. The mergertalk's between Sperry and Burroughs last year appeared to signal the start of another wave

Burroughs last year appeared to signal the start of another wave of consolidation. However, so far merger talks have stalled, perbaps in part because the

and mark		
1118C 1112CK	- ti.,	
	1984	1975
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urroughs -	3	8
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CR	. 2	7
ource: Salomon Bro	thers.	

integration problems high-lighted by Honeywell and Sperry's maintrame business nisitions in the 1970s have not been forgotten.

not been forgotten.

For the moment, the big computer makers are hoping that their new strategies, the weaker dollar, and the momentum of the mainframe product cycle itself will help them once again ride out the storm. Even IBM's aggressive pricing strategy could eventually help the industry out of a hole.

NCR points out, what is clear from the varied strategies of the non-IBM mainframe computer makers is that "in no way are the companies represented by the Banch acronym pretty much alike." While they do all still make mainframe machines, the mainframe is no longer the big

#### Bank scandal rocks Israel

The earthquake which rocked the Israeli banking system late on Sunday evening probably measured a good 8.5 on the Richter Scale.

The Beijsky Report—into a financial scandal which erupted publicly in October 1983—called in the strongest terms for a bevy of the most senior bankers in the country to be banned from banking for life.

Heading the list is Ernest Japhet, chairman aince 1976 of Bank Leumi Le-Israel, tha largest banking group. Born in Berlin in 1921, J-phet comes from an old hanking family which moved to Israel in 1933. As a man who had to cope with the daily vicissitudes of the turbulent Israeli economy, he told the commission of inquiry that he, for one, had a clear conscience. "We had no other choice in that economic sluation other than to regulate the (hank) shares," he said.

Waiting nervously for the past 13 mouths for Moshe Beljsky, a supreme court indge, and his colleagues to reach their findings, the bankers had been bracing themselves for a tough report. But when it finally came, its harshness shocked most into temporary silence. sllence.

against the judgment on him-

One who has protested

The dismissal of Dr Moshe Mandelbaum, present governor of the Bank of Israel, is also requested by the Beijsky Com-mission.
But, with that one exception.

But, with that one exception, all the government officials, politicians, and former ministers who knew what was going on, and did nothing limited the smaller fry.

Ingly crying out for the quality the firm.

Now he is moving from usually only available from the big City houses which tend, will be involved in both the nowadays, to have less interest accounting and consulting sides of the business.

#### **Men and Matters**

about it, escape with only public censure. That sensitive point has been seized on by Moshe Zanbar, a former Bank of Israel governor.

technology and products from outside; or, finally, they can seek to escape full-blooded competition with IBM by emphasising specific market niches. All of the non-IBM US

mainframe makers have adopted some combination of

these strategies.

At Burroughs a new managemant team led by Mr W.
Michael Blumenthal, the former

Carter Administration Treasury

Secretary, has transformed the lumbering Detroit giant. Aided

by new recruits, including some former IBM employees, Mr

Biumenthal has cut costs, closed plants and reduced the work-

force, while expanding and up-

dating the product line and refining and redirecting marketing strategy.

"Israel governor.
"Israel is a very cantions country," he says, "When a hanker spends his whole life doing something, then does something wrong, he is told be cannot perform his joh in future."

In a clear reference to the resolution of the recent government crisis, be want on, "But when a minister makes a min-take he simply changes jobs with a colleague."

Small arms

When the Big Bang comes in the City of London, there will be iots of small and mediumsized chunks of business to be found among the fall-out. That, at least, is the belief of Gerald Leaby, former deputy chief executive of Julius Baar, who has joined with two former Morgan Greatell directors, David Hoblyn and William Hopper, to set ap Shire Trust. Shire wil liset out to provide corporate finance and treasury management services to companies too small to merit the attantion of the City's grandest

merchant banks.

Hoblyn, who will head Shire's corporata finance side, spent nine years with Morgan Grenfell, where he took charge of new product development in the capital markets division.
Hopper, a former Euro-MP, ran
Morgan's international issues
department from 1971-79.

Leahy, managing director in charge of corporate banking, reckons that many medium-sized companies are increas-ingly crying out for the quality



"I haven't heard you com-plaining about women working after 60 for ages"

Shire, Leahy accepts, may be Shire, Leahy accepts, may be seen as being unfashionably "anti-Big Bang." But his conviction that there is an important niche for such specialist operations is clearly shared by Compagnie Financiere de Credit Industriel et Commercial. The bolding company of a group of French regional banks, Compagnie Financiere has 70 per cent of Shire's equity.

Hancock's hour

Ian Hancock, aged 53, has made his name developing the management consultancy side of accountants Coopers and Lybrand during 28 years with the firm.

Hancock joined Coopers an Lybrand as a consultant in 196 and was appointed managing director of the management consultang practice in 1976, has grown to become the biggest management consultant in Britain with a staff of som 650 and a fee income of £300 and a fee income a year. He aces his move as part

the rapid change going on international accounting. " A the leading firms are faced wi the challenge of gearing the capabilities to meet the nee of global clients and markets Hancock is no stranger international co-operation. He conceived and launched Cooperand Lybrand Associates Europea consulting body covering eight European countries.

Temple tax.

Kyoto's Buddhist monks are back in the tourist business-for the time being, at least. Nine major Buddhist temple: Nine major Buddhist temples have reopened in the ancient Japanese capital, accepting tourists again after shutting their gates on the outsida world last December.

The monks' strike was in protest against a new city tax which would have increased entrance fees and obliged the temples to disclose their total torist receipts each year.

torist receipts each year.
But as the cherry trees hios
some and the clyt looks forward to an expected stream of impor-tant visitors, including Prince Charles and Princess Diana, a compromise has been agreed between the militant monks and city officials.

Tourists are now being asked

to put their entrance fees in special envelopes which are on sale at shops outside the temples.

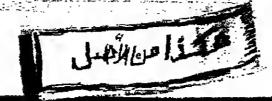
The compromise was ham-mered out by a group of 30 local shops and restaurants which were losing a significant portion of their husiness while tha temples were closed.

The monks, for their part remain vigorously opposed to the new city tax and will take up the issue again with city officials in three months time

Observer |

nd of in the common of	THE WORKPLACE REVOLUTION  - a guide to the latest trends in office, industrial and warehouse property with contributions from:  Barry Denyer-Green Francis Duffy Johyon Drury Judith Huntley Roger Moore • James Morrell Len Payne • Keith Saunders
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#### Letters to the Editor

## Arguments against the UK joining the EMS

Sir.—In your Editorial of April 1 no recognition at all fixed exchange rate structure was given to the argument would invite the generation of against urge full UK participation in the European Monetary System. You suggest that only the Prime Minister is opposed to entry despite the fact that, following the sentence you quoted, Mr Lawson, added "The Government does not believe the time is yet right for us to join the Europe and does not believe the time is yet right for us to join the each other (in practice right for us to join the EMS." In both that Editorial is yet right for us to join the EMS." In both that Editorial and in that of April 7 and in Samuel Brittan's article of

each other (in bractice ris the US dollar) and to put any two of these currencies inside a

formance. Of course there are EMS facilities in addition to the official reserves but these require to be repaid.

If I thought that UK participation could be reasonably expected to bring down both our domestic inflation rate and the annual average level of wage settlements to West Ger-

THAT'S THE THIRD

TRIED TO MEASURE

THE WALLAREA AND

From Mr C. Leslie

requirements.

The Island Revenue district valuer determined my rateable value by measuring the outside of my house, including starm parch. From a set of tables he extracted a metric unit value and arrived at a figure of 115.2

metres at £x per metre.

So, having a storm porch and
insulated walls 50mm thicker
than normal I am penalised an

From Mr A. Montgomery.

Prom Mr A. Montgomery.

Sir,—I hope the Government will seriously consider the ideas put up by Dr Kay on April 10.

To hive off the promable Shotton (John Summers that was) would conform with present Government policy—c.g., Jaguan—but as a move towardscultimate private ownership of stock making his idea is intaginative.

central control is remote from the competing in the world of business. I remember that after

Sir,—Your article "Shelling out for Europpeas" (April 11) draws attention to o problem that has arisen over the EEC

price support system for peas and beans. In our view the system has been abused and

some adjustment is necessary.

At present an EEC subsidy is paid to compounders to encourage them to use home-

grown peas and beans in animal feed. A higher payment is made on higher quality peas and beans on the assumption that the compounders will pay the growers a higher price for a better quality product.

peas for compounding which, for instance, are 1 per cent drier or cleaner than the

standard quality, he receives a price increased by 10p per tonne, but loses 1 per cent (£1.80 per tonne) of the value

of his crop because it weighs less. The compounder buying those peas has the advantage of better

quality peas, pays only 10p per tonne more, and is given an

extra 80p per tonne by the EEC. We have said to the EEC

Commission that it is a waste

a better quality product.

From Mr T. Pexton.

ENDED UP SCREAMINE

Beware of improvements

extra 5.825 per cent.

I installed a conventional Energy efficiency y bathroom for use by guesta, I C. D. Leslie, fitted a shower cubicle in a separate room for my wife and self and for this the district Thornburg, Bristol.

The profitable future of steel

of sales and started to smother Cookley Lodge, stockholders, we (the strip Swyncombe, mills), lost 30 per cent of the Henley on Thames, Ozon.

Shelling out for Euro-peas

Sir Six years ago I designed and built my house with energy conservation high on my list of the water and sewaga boards for using a shower instead of a

DISTRICT VALUER WHO

of any theoretical improvement in competitiveness. Peter Robeson.

hath.

I thus pay 8.266 per cent extra for having a shower, a storm porch and extra thick insulated walls. This year my efforts at energy conservation will cost me £70 which I regard as my punishment for trying too hard. I took my appeal as far as possible, thereby obtaining enough material, to write a script to rival "Yes Minister."

script to rival "Yes Minister."

position to recapture the large portion of the bome market which has been lost.

pounders are paid an 80p pre-mium for using better peas, something they clearly need no extra incentive to do, when only

10p of this is reaching the pro

ducer as an inducement to pro

duce better quality. And from your article it seems that com-

pounders feel that better quality is of no value to them and that

is why they do not want to pay any bonus to the farmer.

The NFU does not insist that growers should receive a full

1 per cent of the minimum price (£1.80) as a bonus for

1 per cent better quality. This would be a larger sum than the

increase in the payment by the

Our position is that either

the quality premiums paid by the EEC are passed back to

the grower as intended, or that those premiums should cesse

and the money he put to better

Neither we, nor the Commission, have ever suggested that

the payment to compounders should cease completely. We are keen to encourage the use of peas and beans by the feed industry and are working to

create the conditions that will

enable them to do so

(Vice Chairman, Cereals

National Farmers' Union

Tony Pexton

#### Profit sharing and added value

From Mr D. Gorman Sir,-Mr J. Morrell (April 17) suggested that the Chancellor's proposals to encourage profi-aharing are siming at the wrong target, and that the Chancellor should be oming at increased added value instead.

But profit-sharing and payments related to added value are not conflicting alternatives. They are two different payment systems baying different primary objectives, and they can quite appropriately coexist, within a single company.

Tha Chancellor's profit-sharing proposals aim to relate a part of pay to the employer's ability to pay (giving employees "npode of the possibility as well as "down-side risk," in money terms) in order to introduce ments of the introduce to the product demand resulting from national er international economic circumstances); of which is needed to persuade employers when faced with the possibility of such a situation developing in the future.

The Chancellor has chosen to concentrate on this ability-to pay (giving employees "npoduct-demand resulting from national er international economic circumstances); of which is needed to persuade employees when faced with the possibility of such a situation developing in the future.

The Chancellor has chosen to concentrate on this ability-to pay relationship and the more pressing used, in view of recent

of pay to the employer's ability to pay (giving employees "npside potential" as well as 
"down-side risk," in money 
terms) in order to introduce 
more flexibility into employment costs, thus increasing the 
potential for new jobs, and 
reducing the risks of redundancy.

ancy.
Added value schemes do not give such flexibility. They can quite possibly increase employment costs at a time when factors outside the employer's control are reducing its turnower and its ability to pay
its employees — thus possibly
aggravating the need fer reductions, in work-force. This is
not to argue that added value

rather than on substituti
them for profit-sharing.

D. J. Gorman
(Deputy Managing Director).

William M. Mercer-Grant
Simmons.

4 Southampton Place, WC1.

schemes are undesirable; they are often highly desirable. But they do not give the direct relationship between pay and ability to pay which is needed to help employers retain employers when a reduction in employment costs is necessitated by factors other than productivity (eg. interest rates, exchange rates, isomorarily reduced product-demand resulting from national er international economic circumstances); of which

well be that it is the more pressing need, in view of recent improvements in productivity resulting from "shake-outs" and businesses being "leaner."

But since the two systems can appropriately co-exist. I would urge Mr Mercell to concentrate on the concentration of the concentration of the concentration of the concentration. would urge Mr Merrell to con-centrate on persuading the Chancellor to add added value incentives to his proposal, rather than on substituting them for profit-sharing. D. J. Gorman (Deputy Managing Director), William M. Merrer-Grant Simmons.

#### Undebated legislation

From Mr F. Bleasdale,
Sir, — After 500 pages of new legislation in Chancellor pension or reduction of the lawson's Finance Acts of 1984 and 1985 Charles Beattle (April 18) is right to complain about the inordinate length of this year's, 200 page Finance. Bill. Having waited more than four weeks since the Budget speech it was to be expected that the draft legislation it was to be expected that the draft legislation published the draft legislation it was to be expected that the draft legislation it meaningless. The gaps in our knowledge are to be filled by regulations introduced by statupleted his work in time for pubdraftsman would have completed his work in time for publication of the Bill. Unfortunately this is not the case.

One of the most contentions the surrous is most contentions the surrous for pension fond surpluses. Enterdation is available in Schedule If of the Bill which may be paraphrased as follows:— An-administrator shall, in preadministrator shall, in pre-scribed circumstances, produce a valuation; or a vertificate of valuation in prescribed form, signed by a person with pre-scribed qualifications, which should show values of assets and liabilities determined in and habitudes with prescribed principles and fulfilling pre-scribed requirements. Where assets exceed habilities by more than a prescribed maximum, the administrator must make proposals within a prescribed period, to secure [sic] that by the end of a prescribed period the assets will not exceed the

mona.

This approach is quite mostis-lectory for introducing novel and contentious legislation since and contentious legislation since Parliamentary procedure does not allow adequate time for de-hate of statutory instruments and precludes the tabling of amendments.

These controversial proposals do not lend themselves to treatdo not lend themselves to treatment in this way and government should produce substantive legislation to allow proper
debate. Since, according to the
Treasury Press release, the date
for the operation of the provisions relating to pension
scheme surpluses, is April 6
1987, there is adequate time
before next year's Finance Bill before next year's Finance Bill for full consultation in the hope F. E. Bleasdale, (Immediate Past President), liabilities by a percentage which is no more than the prescribed Chartered Association of maximum and no less than Certified Accountants.

the prescribed minimum, 29 Lincoln's Inn Fields WC2.

#### Tax law records contest From Mr T. Edmonds

the prescribed

Sir. — Referring to Mr Beattie's letter (April 18), which complained that that increase in tax law since 1978 has both created and benefited an "empire" of civil servants, I suggest that he looks more. closely at the facts.

Inland Revenue permanent staff numbered 84,645 in March 1979. The target figure for this. year was 69,300 and although greater complexity and volume greater complexity and volume has to an act the configuration of tax law makes life harder Labour predecessor for both private and public Timothy Edmonds sector tax practitioners, while 10 Montrose Road, the former enjoy higher fees Bedjont, Middlesex.

#### Complaints to Telecom

communications services after

and an increased demand for their services, the latter simply work harder for no real increase

in salary.
Mr Beattie is also wrong to Mr Beattie is also wrong to say that the past seven years have produced more tax legislation than any other comparable period. My candidate for this record is the 1975 and 1982 period when 848 provisions (compared to the 824 introduced since 1979) became law and therefore this Government.

From Mr A. Dalgleish Sir,-You report an increase Angus Dalgleish. in complaints concerning tele-Shouson Hill, Ruxbury Road, privatisation (April 18). Could Cherisey, Surrey.

this not be because, under State ownership, people knew that it was useless to complain?

#### In practice, bowever, the compounders pay only a derisory 10p per tome premium on a product worth approximately £180 per tonne. This means that if a farmer sells

has to share the record with its Labour predecessor.

#### of EEC resources to operate a bonus scheme where com-The doctrine of eclectic pragmatism

of higher inflation in terms of goods and services, another

From Mr R. Bootle Sir,-In advance of last Wednesday's speech by the Chan-cellor at the Lombard Association, Tim Congdon warned (April 16) of the dangers of ignoring £M3. In the event the Chancellor wisely paid £M3 only chancellor wisely part the discrime of "eclectic pragmatism" as the basis for monetary policy. If Mr Congdon is right we could be in for some dire consequences. Fortunately,

Mr Congdon rests his casa for the continuing relevance of £M3 en the combination of a take over boom and the 20 per cent rise in share prices in the first quarter of this year, which he associates with the recent misbebaviour (i.e., rapid growth) of £M3. This higher innation in terms of asset prices; he says, could be the precursor

There are several flaws in his argument. The boom in his argument. The boom in share prices can more readily be associated with developments in the real economy, than with £M3 growth. Worldwide inflation is falling, interest rates are plunging. Oil prices and decidadly lower and are decidedly lower and exchange rates have adjusted to a more oppropriate pattern.

The UK bas shared in these benefits and even after the fall in oil prices, is still able to manage tax cuts despite a regime of fiscal restraint. It is precisely because of the im-

stock market boom shows no why the authorities sign of spilling over inte boom to focus on sterling conditions in the real economy. The than fM2, as Most forecasters (including the interest rate policy.

year or 18 months down the Treasury) think that the UK Mr Congdon suggests that the line.

Chancellor should concede some street are several flaws in per cent this year, but with a ground to £M3, implying pretendency for growth to decelerate next year. Recent staand unemployment have served, if anything, to increase doubts

about the economy's strength. If demand were to be boosted shove and heyond the forecast level, exchange rate permitting, the conditions in the real economy would be conducive to translating this into higher out-put without much (or any) effect on inflation.

The exchange rate is crucial precisely because of the improvement in the underlying to this indigment, but it will be affected by a host of factions including relative interest rates, oil prices, trade performances have shown o strong rally.

Whatever its sources, the stock market boom shows no sign of spilling over interboom shows no sign of spilling over interboom conditions in the real economy.

Most forecasters (including the interest rate policy.

sumably a tighter monetary policy, which can only mean higher interest rates. But with just about every

other indicator, both nomina and real, suggesting the oppo-site, this would be complete folly. Unices UK interest rates come down substantially, what-come down substantially, what-ever happens to fM3, real interest rates will sour.

It took long enough to wean

the authoraties away from fM3. More recently they have been trying to discourage its linger-ing adherents in the City. It would be unfortunate if a few recidivists tried to breathe new life into the beast, just as it looked as though it was finally being laid to rest.

Roger Bootle, (Chief Economist), Lloyds Merchant Bank, 40-66, Queen Victoria Street, King Juan Carlos visits Britain

# The Spanish jigsaw fits

By David White in Madrid

parliamentary democracy, secure after 10 years on the thinne. A feet of imagination is required to picture him as he appeared while General Franco was still aliver a figure surrounded by uncertainty, con-

It has taken not so much intellectual prowess as sound sense, conviction and a feel for the country he first saw at the age of 10 for Juan Carlos to win Spaniards over in the idea of having another king—thereby making them Europe's most recent converts to con-most recent converts to con-stinuional menarchy. Other sovereigns enjoy just as much respect and affection, but he has had to do more than any of the others to get there.

Tomorrow King Juan Carles will do something no foreign monarch has ever been asked monarch has ever been asked to do when he addresses the two Houses of Parliament (only three foreign presidents have had this opportunity). The hosts of the King and Queen of Spain have made it clear thar this is more than just another pomp-and-circumstance head of state's welcome.

There are three good reasons for this. The first is to help put Anglo-Spanish relations, in spite of the Gibraltar problem, on a level benefiting two EEC and Nato partners. The second is to recognise that Juan Carlos is nomeone who did not just inherit a kingdom but played a considerable role in bringing it into the community of democansiderable role in bringing it into the community of demo-cratic nations. And the third, more down-to-earth, and shown up by the fact that the King and Queen Sophia will he stay-ing at Windsor Castle during their three-day visit, is the close connection between the two royal families, until now limited

royal families, until now limited to a private context.

The last time a Spanish head of state came on an official mission—Juan Carlos's grand-father. King Alfonso XIII—was in 1805, since when Spalih has had twe dictatorships, a remainer central control) lost their right to place their orders where they could get the best quality, delivery and service and protect themselves against onshity, delivery and service and protect themselves against labour disruptions.

Hence, if Dr Kay's proposals were carried, out the British steel industry would be in the

THE FROG that turns into a way to Anglo-Spanish talks on prince in the children's story Cubraltar — he could hardly prince in the children's story Gibraltar—he could hardly has its modern political equivalent in King Juan Carlos of Spain, who arrives on a state a blockade 2: the Gibraltar visit to the UK today.

The King the British will argent by Spain's accession to see is the figurehead of a stable parhamentary democracy, is known to appreciate Britain's democracy. efforts to stage the trip at the earliest practical date.

The sim is that it should symbolise a new phase in rela-nous just as his visit to France last year symbolised a new era in Spain's often prickly relations with that country. British investment in Spain, after lag-ging behind that of other European countries, has been increasing, and British exports to the Spanish market rose 21 per cent last year. Gibraltar. per cent last year. Gibraltar, where there has been opposiwhere there has been opposi-tion to the visit taking place, is the one point of continuing dis-cord, as the King needs no reminding: at the time of the Prince of Wales' wedding in 1981, he felt obliged to stay away because the couple were starting their honeymoon in Gibraitar, question will be

The Gibraitar question will be discussed by the Foreign Ministers of Britain and Spain during the visit. Britain has played down the recent storm-in-a-teacup obout the movements of Spain's sirerait carrier near the rock. But progress on delicate aspects such as the use of the colony's sirpor; has oeen slow. The King, while optimistic about a long-term solution is

The King, while optimistic of a just order," solid support about a long-term solution is known not to expect quick results.

The second justification for period, and above all his intervention when right-wing army the more-than-full treatment being meted out is to pay tribute to Juan Carlos's political achievements. Few in Spain today question-the legitimacy of the King, but he had to earn this legitimacy. Born during the civil war in Rome, where his grandfather was exiled, and chosen by Franco as heir, be east generally regarded as the continuation of the Franco regime. Few thought that this descendant of Louis KIV of France was the man to carry out democratic reforms. Neither the left nor the extreme right who ally later ceded his rights to the throne.

Elowever, a firm position, from the day he was proclaimed from pushed ahead with rapid reforms the monarchy's future would bove heen a short office has even been to Spain.

There will be the state of the



of a just order," solid support

At 48, Juan Carlos these days takes more of a backseat position akin to that of other con-sututional sovereigns. But he plays a hehind-the-scenes role in foreign relations, and Spaniards know they can call on his intervention if necessary.
His appeal is a mix of two His appeal is a mix of two main facets: on the one band, his ability te project dignity and solidness (his 6 ft-plus stature helps), and on the other his personal charm, simplicity and youthful sportsman's image, head from the old retire. and youthern sportsman's image, a break from the old regime. After a 44-year gap during which Spain had no king, Spain's royalty has been oble to improvise and create its own informal style. But the king's English grandmother, Victoria Eugenie, accusiomed to ladiesengenie, accustomed to ladiesin-waiting and the rest, would
not have approved the modest
way the royal household is run.
Rather than move to the
sumptions Oriente Palace in
old Madrid, the family has
remained at the Zarzuela, the home Franco gave them, a state-property and former hunting-lodge. Anecdotes abound about unannounced visits to restaurants, a sightseeing tour on a London Transport hus, and motorcycle escapades—although nowadays these activities are restricted, on security grounds.

In many ways Spain is a less monarchical country than Britain. The Government is not "his majesty's," nor is justice administered in the name of the Crown. The King is entitled to preside at Cabinet meetings when the Prime Minister asks him, and does so occasionally. The third main aspect of the visit, and the one that will provide much of the flavour, is the family reunion. The King and Queen of Spain, Queen Elizabeth and Prince Philip are all descended from Queen In many ways Spain is a less

from the day he was proclaimed future would bove heen a short no British Prime Minister in Ring, in favour of "the huilding one.



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# **FINANCIAL TIMES**

Tuesday April 22 1986



Peter Bruce looks behind West Germany's stand against EEC farm price cuts

# Why Bonn is cultivating the farming vote

ONE CAN feel just a little sorry for Mr Ignaz Kiechle, the West German Agricultural Minister. A genuinely nice, even cuddly, man. It was be last year who bad to put his hand in the air and veto grain price cuts in the European Community using Bonn's first veto in the EEC Council of Ministers and earning himself an undeserved reputation

At this year's Community farm price negotiations, which began in Luxembourg yesterday, Mr Kiechle may well be forced to make a spectacle nf himself again.

His real problem, nne with which most agriculture ministers in the Community are familiar, is that he is not his own master - that lot is divided between Chancellor Helmut Kohl, Dr Gerhard Stoltenherg, Bonn's Finance Minister, and Mr Franz Josef Strauss, the Bavarian premier and head of the Christian Social Union (CSU), the conservative leg of the governing West German coalition and the party to which Mr Kiechle belings. In Luxembourg, be is merely the messen-

instruction is to allow nn farm price cuts to be agreed, nn matter bow serious the Community surplus in some products may be. Even if the French, whose farmers are soon to win automatic price increases because of the devaluation of the Franc, desert him and vote for a few modest cuts. Mr Kiechle will obey that order.

The politics of all this bard-headedness are simple. At the beginning ni March this year, the ruling coalition suffered a serious reversal in local elections in the country's most northern state, Schleswig Holstein. Chancellor Kohl's party, the Christian Democrats (CDU), saw its share of the vote fall from 50.1 per cent in 1982 to 44.2 per cent. The Free Democrats (FDP), also a partner in the federal coalition, failed to win 5 per cent. The managing of the control of the control of the control of the control of the cent. win 5 per cent. The opposition So-cial Democrats (SPD) increased their vote from 34.6 per cent to 40.3

Nnt only is Schleswig Holstein home to Dr Stoltenberg, a man whose vice-like grip on the nation's purse strings is unchallengeable, but the CDU losses bave been blamed mostly on the failure of disaffected farmers to go to the polls. It gets worse. This summer, the CDU faces a stiff test in state elecEEC 'will match US curbs' but seeks accord

The EEC will match any measures taken by the Reagan Administration to restrict its sales on the US market by placing barriers in the way of American sales in Europe, writes Paul Cheeseright in Luxembourg. But, clearly intent on lowering the temperathe property of the property of the compensation of the classification of the property of the compensation are mandate to negotiate concessions within the General Agreement on Tariffs and Trade to compensate for the effects of Community enlargement. The effects of Spain's and Portugal's joining the EEC and their content that the content of the conte their adaptation both to the Common Customs Tariff and to the Common Agricultural Policy are at the heart of a row with the US. The Reagan Administration has threatened tariff measures and quotas nn a variety of products, to be introduced after May 1, if the Community insists on reserving 15 per cent nf the Portuguese grain market to Community suppliers and placing temporary quotas on soyabean im-

ony would also mean surrendering vide backbone to a society that

its majority in the Bundesrat (up- would otherwise willingly offer it-

the state to the SPD and the radical

Greens, who would be able to gov-

ern, in coalition, in Hanover. That

per bouse) in Bonn to the SPD and

Greens, who could wreck Chancel-

Next January, the Chancellor faces a general election. Then, too,

the support of the traditionally con-

servative farm vote Is vital to the

coalition's survival. From now until

the end of the general election, when a West German farmer

hreaks a leg, the Government in

Bonn is going to limp in sympathy. The tail is wagging the dog, and

Dr Rudolf Schnieders, general

secretary of the German farmers'

association, recknns his members

make up about 10 per cent of the

Bavaria and Schleswig Holstein. To

a man, that 10 per cent has begun

in the past few weeks simulta-

neously to threaten the Govern-

port and to plead with it for help.

nent with a withdrawal of its sup-

West German farmers say their

incomes have fallen, in nominal

terms, by more than 5 per cent in

the past 10 years and that, for

little more than a struggle to sur-

national vote - it is much higher in

price cuts are unthinkable.

lor Kohl's legislative plans.

ately from the general talks. tions in Lower Saxony, an impor- the Government has been quick to tant farming reginn. The polls say react the Government will lose its buld on We West German farms are small compared to those in Britain and France. The people who work nn them have been encouraged to keep would be bad enough for the Gov- it that way for generations, the beernment, but the loss of Lower Sax- lief being that they somehow pro-

> self to more transient pleasures. But because the farms are small, the farmers are also relatively poor. That bas not stopped pride taking a band. In Bavaria, for instance, it is possible to stand on a hill and in one sweep take in dozens of farms and to be quite certain that instead of clubbing together, each farmer will, for instance, have his nwn tractor, In 1983, the West Germans were using 123 tractors for every 1,000 bectares of land, while the French made dn with 47 and the British 28. Dr Schnieders, says

those figures may be misleading. Of the 720,000 farms in West Germany, 293,000 are run by part-time farmers whn have other jubs as well. There is also no road tax nn tractors. Besides, be says, "you can-

not share a tractor." The charge of agricultural ineffi-ciency is an old one. That does not, bowever, belp Mr Kiechle, who not only has to block price cuts but has also to convince his fellow Community ministers that be bas something to offer in return. Before he many, working the land bas become does that, bowever, he has to placate his farmers, 50,000 of whom vive. The call now is far a "national took to the streets two weeks ago to

Spain adopts the Community system of variable im-port levies. Those would have the effect of raising US sales prices for key products such as corn and sorghum. Community ministers have been seeking to convey an impression of firmness in the face of US threats and conciliation expressed through the readiness to negotiate. Thus the Commission stand nn devising a list of products no which the Community might place import restrictions was endorsed. The restrictions would be tailored to meet either the severity or the symbolism of any measures the US might take. The conciliatory aspect, bowever, still falls short of US objectives. The Community is prepared to negntiate on the effects of enlargement as is specified in Article 24 of the Gatt, but the Reagan Administration wants its specific difficulties with the Spanish and Portuguese markets handled separ-

ports. Further measures would follow after July 1 if

The Government's immediate reaction has been to offer the nwners of small and medium-sized farms cuts of up to 50 per cent in their social security contributions (a farmer with a hypothetical income of DM 10,000 (\$4,500) a year is recknned to have to pay DM 4,000 in contributions) and to try to increase West Germany's "disadvantaged areas" from the present 4m hectares to 6m bectares, or more than half of West German farmland.

The farmers in those areas get substantial financial benefits and it is estimated that such a programme wnuld cost the state between DM 500m and DM 1bn. Will Dr Stoltenberg pay up?

Of course be will. Mr Kiechle nearly ruined his political career two years ago by agreeing to the in-troduction of EEC dairy product quotas and was saved only by the intervention of the Finance Minister, who agreed to a relief scheme worth DM 1bn for the those affect-

In return, be was able to rely un Mr Kiechle not to let him down during last year's talks on grain prices. leswig Holstein has probably the higgest, most efficient farms in the country, and they nearly all produce cereals. The spate of elections facing the Government now mean it is virtually certain the farmers will get these national aids.

In Luxembourg yesterday and to-day, and in the months ahead. Mr Kiechle will have the following to

"It is no good cutting prices by 20 per ceot. That is too much. A 3 per cent cut discourages nn one from producing. What we need is a longterm strategy for cutting surpluses. We need to encourage farmers to stop farming commercially (by paying them to dn so). We need to encourage them to switch to crops, like peas beans and flax, in which there are no surpluses, and we need to look at ways to use farm products to produce energy."
His colleagues have heard all that

before, Agriculture Ministry officials in Bonn admit that the "longterm proposals are problematic.
It would take about 50 years to

close down 15 per cent of German farms. Also, farmers have borrowed against their land and once set aside it would be worthless. Is the Government prepared to consider a debt-relief programme? The answer, at the moment, is "no". And if farmers were to switch to other crops, would not the price of those crops have to be artificially high?

Experts believe that even if 5 per cent of the fuel sold in the Community were vegetable-based, it would make only a minor dent in major

Still the Kiechle alternatives sound worthy and Bonn will carry nn beating that drum, with the safe proviso that it would not implement those measures without them being agreed Community-wide. Do not forget Mr Strauss, prob-

ably the most successful failure in German politics ever. He has the power to disrupt seriously the working of government in Bonn - and frequently does - even though be bas no Cabinet seat.

He is the man of whom Mr Kiechle is most frightened, and be is not particularly impressed with the EEC. He is not really impressed by West Germany, But God help the man who does a Bayarian farmer

Mr Strauss will undoubtedly win the state election in Bavaria later this year. What matters to him is by how much. The SPD may rule Mu-nich, but there is no way Mr Strauss will entertain taking a few losses in the countryside for the sake of Germany's winning a few friends in Brussels. In a way, that makes Mr Kiechle's job easier.

Compromise on farm price debate, Page 32

may soon have an under offer sticker across it. The rise and fall of bid speculation has been the force behind the shares recently and after yesterday's board meeting today tremely expensive mistake, total around. Last monin it raised around the force behind the shares recently and after the force behind the shares recently and after the shares recently and around the force behind the shares recently and after the shares recently and around the force behind the shares recently and after the shares recently and around the force behind the shares recently and after the shares recently and around the force behind the shares recently and around the force the force behind the shares recently and around the shares recently and around the force the shares recently and around the shares around the shares around the shares recently and around the shares recently and around the shares recently and around the shares are shared to be sha ter yesterday's board meeting today should bring an announcement about the extension of full voting rights to the limited voting shares and the placing of Hambro Trust's

THE LEX COLUMN

# A Nobel prize for finance

Feldmühle Nobel may not sound too thrilling but its public flotation represents a genuine landmark for West Germany's capital markets. The idea of placing DM 2hn of new equity at a single stroke would have been unthinkable nnly a couple of years agn. Even in 1985, a dazzling year for the Frankfurt primary market, total new issue volume amounted to noly DM 1.8bn; and never before has even the mighty Deutsche Bank attempted to place much more than DM 500m of

shares through a single flotation. But size is not Feldmühle's only unusual feature. What Deutsche bad to offer yesterday was not the customary package of non-voting preference shares but real equity, votes and all. The West German stock market seems finally to have come of age. All the indications are that Deutsche and its syndicate will have no difficulty in finding safe homes for this investment. Feldmühle, which gathers together the wholly-owned bits of the Flick group, is no glamour stock and the

best guess is that earnings will

show a marginal decline in 1986. But the prospective earnings mul-tiple is roughly a point below the market average at 12.7 times and the anticipated yield of 5½ per cent compares favourably with the return nn West German government bonds. Moreover, the decline in earnings would almost certainly be less marked on an Anglo-Saxon accounting basis. The group's capital spending is expected to rise by around 25 per cent to DM 700m this year, giving rise to a large additional depreciation charge. Cash flow per share should be roughly level with 1985, as a cyclical downturn in the paper businesses counteracts modest growth in chemicals and capital goods. The offer for sale price of DM 285 is towards the top

end of expectations but almost any-thing seems to sell in today's Frank-

Hambros

The For Sale board put up out-side Hambros in January, when the family agreed to part company,

Hambros

stake in the London bank. Once that is out of the way, an offer for the group is almost certain, and will be hard to resist.

The main attraction is clearly the name. Hambros has hardly headed the rush to the Big Bang nor has it wholeheartedly embraced the retail customer apart from its purchase of Bairstow Eves. Its commercial banking operations were allowed to shrink, its corporate finance ambisuspended yesterday at 303p, a price above most estimates of net bros by any other name would be certificates.
worth rather less than it is likely to

The name is one of the best known in the business, thanks

come out with its nriginal commodity dealing business intact.

If there is to be a buy-out alterna(ar

Thomas

<u>क्षेत्र अर्</u>दे ()

tive to Hillsdown's weighty offer, it is almost bound to involve an attempt to sell British Sugar to its only important competitor, Tate & Lyle. Before very much longer, it will become difficult for Berisford to go on clutching the buy-out card to its chest. It is all very well to use the possibility of a higher offer to lever up the existing bid. But this tactical approach will naly work in the end if the Berisford buy-out is really a bankable proposition, and that probably depends on whether Tate has succeeded in finding a formula that can get it over the mon-

Given the reservoir of EEC sugar that could be skuced into the UK market if a Tate monopoly succeeded in raising prices by a few pounds a tonne, the anti-competitive case for excluding Tate is not necessarily conclusive. But Tate is certainly a longer shot for Berisford shareholders than Hillsdown, which has no exposure at all to tions came to little, and the bank is competition policy on the score of still associated with past difficultissugar (whatever the OFT might ies. The limited voting shares were think of the two groups' interests in suspended yesterday at 303p, a the furniture trade). Unless Berisford has an ace or two up its sleeve. asset value of perhaps 260p a share everybody may end this game with after the reconstruction. A Ham-a stack of Hillsdown share

#### Unilever

Unilever's 1985 report and aclargely to the efforts of Hambro counts show securification in ac-Life. Any bidder will be looking at tion. At the end of 1984 the group the scope to peddle every type of renwed its bankers almost exactly tail financial product under the filbn and had deposits with them of Hambros name, rather then taking £866m. But, as many a multinationa place in the brave new world of al has learned, there are cheaper merchant banking, and for that a places to borrow money and more hefty premium will be required. rewarding places to invest it than at hefty premium will be required.

Hillsdown/Berisford

Poker is a game that S&W Berisford has always played with enthusiasm. Its purchase of British Swear and commercial paper, and has always played with enthusiasm. Its purchase of British Swear and commercial paper, and has always played with enthusiasm. Its purchase of British Swear and commercial paper, and had also switched a rather more sasm. Its purchase of British Sugar modest portion of its liquid assets into marketable securities. Disintended and some unlikely temediation is a commercial banker of the stable. Winning termediation is a commercial banker of the stable of that hand has since looked an ex- scarcely be blamed for shopping over four times Berisford's equity been able to offer competitive base, the final challenge facing Berisford's management is to play the have been more than happy to remaining cards well enough to listen.

# to produce televisions for JVC

By Jasnn Crisp in London

THORN EMI, the troubled UK electronics-to-entertainment group, has signed a long-term contract to manufacture large volumes of televisions in Britain for Victor Company of Japan (JVC).

Thorn EMI is to install a dedicat-

ed line at its Ferguson factory at Gosport, southern England, which will make up to 170,000 televisions a year for JVC. Production is expected to begin next January and the deal is thought to be worth about £25m (\$37.5m) a year. Ferguson is the only remaining

Britisb-owned mass producer of col-our TVs. In addition to the commercial benefits, the deal is a considerable boost for Ferguson's reputa-tion as it is most unusual for a Japanese company to sub-contract pro-

standing relationship. Ferguson was one of the first companies in the world to license the VHS video format from JVC. The twn companies also have a joint venture with Thomson of France, which makes videocassette recorders in Berlin to restrictions with respect to loan and Newhaven, southern England. maturities, the right to make early

duction to a foreign supplier.

Fergusnn and JVC have a long-

Until recently Ferguson was nne of Thorn EMI's problem areas and made heavy losses. After a substantial reorganisation and the loss of 1,000 jobs the subsidiary bas been freedom to finance direct investin profit since last September.

# Thorn EMI Head of Israeli bank resigns in wake of financial inquiry

BY ANDREW WHITLEY IN TEL AVIV

financial-market regulators.

Mr Gazit, who escaped relatively lightly from the conclusions of the Beijsky Commission's report, said be would not be taking up any other position in Israeli banking.
Other heads of Israel's leading

hanks are also expected to stand down in the coming days, as is Dr Mosbe Mandelhaum, Governor of the Bank of Israel, who was strongly criticised for his failure to pre-vent the bank share manipulation scandal, which ended in a market

Continued from Page 1

trade credits.

ward market.

to choose where to finance their

vestments in bonds and short-term securities bave continued to be pro-

hihited, however, while financial

borrowing abroad has been subject

repayments, and hedging in the for-

Swedish corporations have

fought a long campaign for greater

MR GIORA GAZIT, managing director of Bank Hapoalim, Israel's second largest banking group, resigned yesterday after Sunday's publication of a highly critical report nn the past conduct of the country's leading bankers and financial market regulators.

The Beljsky report received an almost universally warm welcome in Israel yesterday. Politicians and newspapers praised its courageous and far-reaching conclusions, and called for its full-implementation by the National Unity Government.

Mr. Vithak Zamir, the Attorney Minister, said yesterday that a joint Treasury and Justice Ministry team had been appointed to study the 580-page document and report back to the Cabinet.

Mr. Vithak Zamir, the Attorney Minister, that the grice is the properties of the properties

Mr Yitzhak Zamir, the Attorney General, was reported to be holding discussions with legal experts on the possibility of criminal prosecutions against some of those named banking results season. All those in the report as responsible for the which have already been published crash, which might cost the state as or are still to come have shown much as \$2.5hn.

overriding concern has been to lim- overheads. it the damage to the image of Israeii banking and to public confidence in the stability of the system.

ed net profits of 554m for last year, 85 per cent above those of 1994. In a highly cautious reaction, Mr Moshe Nissim, the newly appointed

to SKr 140bn-SKr 150bn (\$2bn- a year, a \$2.15bn) from nnly SKr 80bn in removal.

1980, but the country's foreign-ex-

change regulations bave largely trapped those funds in Sweden. At the same time, the corporate

sector has built up a stock of around SKr I40bn in long and medi-um-term foreign debt as it has been

forced to borrow to finance foreign

Sweden to relax exchange rules

behind us", and said the banking system remained firm. Israel is in the midst of its annual

sharply higher profits in 1985 But the Government's initial and progress towards reducing

Bank Hapoalim yesterday reports 85 per cent above those of 1984. Report details, Page 4; Men and Matters, Page 14

a year, and recommends a staged

So far this year. Sweden has en-

joyed a capital inflow ni SKr 9.2ho helped hy interest rates that are still appreciably above internation

al levels despite recent cuts. Since the currency crisis of May last year, when Swedish interest rates were

temporarily forced up close to rec-

ord levels, there has been a cumula-

tive inflow of more than SKr 18hn.

# Celanese sells two divisions to RTZ

By Tony Jeckson in London

RIO TINTO-ZINC, the Britishdustrial group, is to buy two special-ity chemical divisious from Celanese of the US for about \$138m. The acquisitions, with combined sales of \$180m, will bring RTZ's chemical sales to about £350m (\$525m). Celanese, one of the largest

chemical groups in the US, with particular strength in artificial fihres, put the two businesses up for sale in autumn of last year. They consist of a worldwide operation in water-soluble polymers and a UShased husiness in speciality resins. The husinesses made combined profits before tax last year of \$9.5m nn assets of around \$130m. RTZ said it was paying 27 times earnings for last year when profits were sharply lower because of the down-turn in nil-related business. The av-

erage multiple over the last two years had been 18. The water-soluble polymers business is hased on guar, a natural gum derived from beans found in India and Pakistan. The principal market is the nil industry, which uses the polymers to stimulate production hy opening the pore struc-ture in oil wells. Other users are the

paper and textile industries. The resins division produces a range of epoxy resins and industri-al coatings, for such uses as coating aluminium cans and curing inks and varnishes by electron and ul-tra-violet treatment. RTZ said Cela-nese was the US market leader in radiation cure chemicals, which were growing at a rate of 25 per

cent a year. Celanese explained the sale by saying "these are good businesses, but they just didn't fit into our future strategy. We are strong in com-modity chemicals and fibres, and are now moving into high-performance materials such as fibre notics and liquid crystal polymers. But we do not regard ourselves

as a speciality chemicals company."

RIZ, which had net profits last year of £236m, on sales of £5.3bn, bas been building up its chemicals operations since the early 1970s. The business was much enlarged in 1982 with the acquisition of Tunnel Holdings, which brought with it a group of speciality chemicals. RTZ then acquired the Sturge biotechnology business in 1983.

Look carefully at the star above and you'll find that it's made up of four arrowheads. Each arrowhead comprises two 'stretched' rectangles which contain, in Arab calligraphy, two words: Commercial Bank.

This is the corporate symbol of the Com-mercial Bank of Kuwait, famous both here and overseas for its pioneering approach to Middle

East banking.
Among many significant achievements, we were the first Kuwaiti hank to establish a foreign exchange dealing room; first to introduce automated letters of credit; and first to have all our branches linked on-line m a central computer.

Now we're leading the way with such sophissicated treasury instruments as forward rate ements, interest rate swaps, currency options and interest rate options.

international in its outlook. With strong reliable contacts in 89 countries, a full federal branch in New York and a European representative office in

London. In short, Commercial Bank of Kuwait can offer you a fresh alternative for your banking needs.
Many major companies in the USA, Japan,
Europe, the Middle and Far East are already enjoying the benefits of our wide range of

So could you. And at very competitive prices, .

Bear us in mind next time you have a special need. We promise you an open mind and some very imaginative thinking. And as Kinwaitis we've got a long history of

trading expertise to draw on.



#### \$ tumbles as primes fall Continued from Page 1

Booming profits in the last three years have helped to boost the liquid assets of the corporate sector to an outflow of SKr 3hn to SKr 8hn

was necessary unless Europe and lure to agree to significant produc-Japan expanded their economies tinn cuts. Sterling also lost 3% pfensignificantly.

In London, analysts doubted whether West Germany would cut its discount rate in line with the Japanese and US moves.

\*We believe the Germans are unlikely to match the discount rate beloing to strengthen interbank incut in the short term", said Mr Tim terest rates. Three-month rates
O'Dell of London stockbrokers Philmoved up to 10% per cent. lips & Drew, "but there is a muted: possibility of a cut in the Lombard rate to show international solidari- bonds closed up to one point lower.

DM 2208, a loss of 1.3 pfennigs day to 1394.5. The broader FT-SE from Friday's close. It strengthened 100-share index ended 12.2 lower at to \$1.5115 against sterling, which 1888.0.

further depreciation of the dollar was affected by news of Opec's fainigs against the D-Mark to end at

arted in the money markets to signal a cautious approach on Interest rates. It lent money to the discount bouses at a penal rate of interest,

Government gilt-edged securities were also affected, and longer Share prices dropped, and the FT The dollar ended in London at Ordinary share index fell 8.6 on the

The Bank of England once again



# SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Tuesday April 22 1986



# Carbide sells \$800m of assets to First Boston

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BY TERRY DODSWORTH IN NEW YORK

UNION CARBIDE, the US chemicals group which launched a divestment programme to avoid a hostila takeover bid earlier this year, is to distribute a special dividend of ap-proximately 533.20 following the sale of virtually all of its assets in

Yesterday's announcement of the payment accompanied details of the disposal of the group's home and automotive products division for \$800m to First Boston, the investment bank, Earlier this month, Carbide agreed to sell its battery division to Ralston Purina, the food and animal feed company, for \$1.42bn. The combined value of these div-

estments is in line with some Wall Street forecats, though somewhat lower than the most optimistic as-sessments of a total price of \$2.5bn. If the company had achieved the higher price tag, holders of the spe-cial dividend right would have ex-

Thomson-CSF

THOMSON-CSF, the large defence

and electronics company 51 per cent owned by the nationalised French Thomson group, reported

higher than expected net consoli-dated earnings of FFr 960m (\$137m)

for 1985 compared with profits of

Mr Alain Gomez, Thomson chair-

man, had a few months ago esti-mated Thomson-CSF's profits for

1985 at between FFr 850m and FFr

950m. The final results were thus just above the upper range of his

Operating earnings were also much bigher, rising to FFT 1350s last year from FFr 354m the year be-

virtually flat totalling FFr 31.9.2 last year compared with FFr 31.7bm the year before.

Reflecting the company's recov-

ery after heavy losses of FFr 20n in 1982 and another loss of FFr 610m in 1983, Thomson-CSF is again pay-ing a net dividend of FFr 10.50 a

share. The company had not paid a dividend since 1980.

didates. While the Thomson holding

company is 100 per cent owned by the state, the fact that Thomson-

CSF is already 49 per cent held by

private investors is likely to make

privatisation of the large company

L'Oréal plans

to pay higher

beauty products group, yesterday reported a 6.3 per cent increase in

net earnings to FFr 775m (\$108m) compared with profits of FFr 729m

Pre-tax profits rose by 11 per cent

to FFr 1.37bn last year compared with the previous year. The compa-ny blamed higher taxes for the

year. However, the company said sales would bave increased by 13.6

per cent if currency translations and former subsidiaries which had

since been shed were excluded.

The company said it planned e 7

per cent increase in its net dividend this year to FFr 30 a share. It also

Cosmetic sales rose by 15 per cent last year, while the group's pharmeceutical business saw its

sales increase by 6 per cent. France

had FFr 2bn in liquid assets.

ed that at the end of last year it

slower growth in net earnings. Group sales rose 4 per cent in nominal terms to FFr 16.43hn last

relatively straightforward.

dividend

the year before.

By Paul Betts in Paris L'OREAL, the French hair and

Thomson is one of the new Government's prime privatisation cau-

ahead of

forecast

By Paul Betts In Paris

FFr 302m the year before.

pected to receive more than \$40 a share. Yesterday, however, shareholder response to the news was muted, with the share price slipping by 5% to \$24% in early trading.

There was no indication yesterday what First Boston intended to do with the home and automotive products businesses, which include well-known product trade names such as Prestone antifreeze and Simoniz waxes. But the deal is virtually sealed, since it is not subject to financing and is due to be complet-

Carbide had been building up its automotive divisions as part of a diversification programme intended to make it less dependent on basic chemicals. After developing its antifreeze and automotive radiator husinesses in the 1920s, it moved in-to Glad plastic bags and wraps in the 1960s, and added a number of takeover fight.

BY TERRY DODSWORTH IN NEW YORK

group; deepened its losses in the \$433m in the same period of last first quarter of this year due to a year. Special steels posted a slightly

Amoco net falls 30% in

wake of oil price drop

ARMCO, the beleaguered US steel

\$40m special charge for rationalisa-

After accounting for the provi-sion, net losses amounted to \$62.9m.

or 95 cents a share, against a loss of \$22.5m, or 36 cents, in the same pe-

SZI im, or so cents, in the same period of last year. The latest figures also included a \$12.6m gain from the sale of the group's aerospace and strategic materials operations. Sales slipped to \$819.1m from

products and services and the oil-field equipment divisions.

The carbon sizel trusiness had an

AMOCO, the big Chicago oil company, reported a 30 per cent drop in

first-quarter net income to \$331m, or \$1.28 a share, giving the first in-dication of the impact of lower

world oil prices on the earnings of

There has been considerable speculation on Wall Street that the

drop in oil prices could force several

of the big oil companies to take sub-

stantial write-downs on oil and gas

reserves. However, Amoco said it had not taken any such action and had not been seeking help from the US Securities and Exchange Commission (SEC) to defer any writedowns until the end of the yeer.

On Wall Street yesterday Amo-co's shares fell by \$% to \$58% imme-

diately after the announcement of the results. The company is expect-

the big oil companies.

tion and divestments.

\$919.5m in 1985.

consonuated profits totalled FFr the improved operating results in the company's steel segments were ings of FFr 317m the year before. Operating cornings were offset by a decline in the form

car products in the 1970s and 80s.

its decision to sell these businesses broke up the diversification strategy, but thwarted the takeover attempt by Gaf, because of the proof substantial sharehold gains through the special dividend. Mr Warren Anderson, chairman, said that the sale was consistent with objective of realising maximum value for stockholders and

"It will also serve in the best interests of employees, customers, and suppliers and the communities in which the business operates," he

In addition to the disposals al-ready announced, Union Carbide is selling a further 51bn of assets, in-cluding its headquarters building in Connecticut. It will use the funds to reduce debt taken on during the

operating loss of \$14.3m on sales of

higher operating profit of \$12.9m against \$12.2m while fabricated

profits and services slipped to a loss

of \$200,000 against an operating

profit of \$4.4m a year ago.
In the oil equipment division,
Armoo said the plunge in oil prices

had further reduced sales, and the

division slipped to an operating loss

Domestic steel production and

sipments for the quarter amount-

ed to 1,468,000 tons and 1,052,000

tons respectively, compared with 1,452,000 tons and 1,111,000 tons a

year ago. These figures were up considerably from the last quarter

ed to announce its quarterly dividend today.

.The drop in profits was partially

offset by higher profits from chemi-

cals operations and improved re-sults for refining, marketing and

transportation operations as better

refined product margins more than

offset a \$44m write-down of inven-

The group's worldwide refining and marketing operations earned

\$19m in the first quarter compared

The improvement in Amoco's re-

fining operations was mirrored by Ashland Oil, one of the higgest in-

dependent refiners in the US, which reported a S5m jump in its second-quarter net income to \$39m, or \$1.12 a share.

tories in Britain.

with \$2m a year ago

of 1985 when production amou to: 1,178,000 tons and shipments to

of \$3.9m from \$2m a year ago.

The volume of car sales in the Armco special charge pushes loss to \$62.9m

tor, said yesterday. Saab aims to increase car produc tion capacity to 150,000 by 1986 and plans to build a SKr 3bn car plant in southern Sweden with produc-tion starting by the end of the

Mr Karnsund said profits for 1986 should be "at least on a level with

The group, the 11th largest in the US in terms of year-end assets, said hare issue. net earning had increased to \$60.4m, or \$2.13 a share, from \$41.5m, or \$1.46, in the year-ago on investment securities.

Mr David Barnes, chairman and chief executive, said the earnings improvement had resulted from higher net credit income and service revenues and slower growth in creased to \$28.4m from \$18.8m

SULZER, the Swiss engineering concern which returned to profit last year, expected a rise in earn-ings for 1986. Mr Pierre Borgeaud group management chairman, said this would result from a slight improvement in capacity use.

year, is seen as growing at about the same rate, though a probable slowdown in international economic growth is expected to lead to a fall in new order value.

The current investment budget

development spending by 11 per cent to about SFr 165m. It seems likely that Sulzer will make acquisitions this year. Mr Ar-

#### Setback for Schlumberger

By Our Financial Staff

SCHLUMBERGER, the big US oilfield services group, reported a fur-ther fall in net profits with earnings more than halved in the first querter from \$303.5m. or \$1.10 a share.

said the drop was mostly due to a general decline in oilfield services activities and continuing losses at the company's Fairchild semiconductor unit. Revenues fell from \$1.59bn to

# Sears Roebuck income declines 12.5 per cent

ing and financial services conglumearnings for the last two years, yesterday reported a 125 per cent drop in first-quarter net income to \$195.3m or 52 cents a share.

The group said that first-quarter net income had benefited by 524m in reduced pension expense, princi-pally in Sears' merchandise group. On Wall Street, the company's shares fell by \$1% to \$46% in early trading yesterday.

Despite the disappointing first that 1986 would be a good year for consumers and Sears. "Consumer confidence remains at a high level and should be reinforced by a stronger economy as the year pro-

BY PAUL TAYLOR IN NEW YORK

MELION BANK, the Pittsburgh-

net earnings. Mellon is one of the last leading US banking groups to

report its quarterly earnings, most of which have shown double-figure

celeration in disposable income, low erate which has experienced static inflation and high level of employment are promising signs of re-newed vigous" said Mr Brennan. Sears' revenues rose by 7.1 per cent to 59,295m in the latest period,

but three of the group's four main businesses reported lower earnings. Sears Merchandise, the group's tradizional retailing business, reported marginally lower revenues of \$5.46bb and a 45 per cent drop in first-quarter net income to \$42.1m.

Mr Brennan said the drop in earnings at the eximpany's biggest quarter, Mr Edward Brennan, who took over as chief executive of sales in a highly competitive retail.

Sears at the start of the year, said environment. He noted that traditional business patterns produced the lowest sales of the year in the first quarter. This resulted in a relatively high ratio of fixed costs to sales and lower ratio of income to gresses. Housing starts and sales of sales compared with the all-imporexisting homes are being stimu- taxt fourth quarter.

operating expenses. He added that

er training revenues and larger gains on the sale of investment sec-

urities, substantially offset by 3 S62m increase in the reserve for

Mellon noted that the growth in

net credit revenue, which increased

to \$226m from \$199.3m, mainly re-

flected higher levels of interest

earning assets and wider spreads

The group said its provision for

possible credit losses in the latest

quarter totalled 590,4m compared with 520.3m in the year-ago period

possible credit losses.

Mellon Bank gains

based group, yesterday reported a the quarterly uppurp reflected nigh-46 per cent increase in first-quarter or training revenues and larger

sharply in quarter

Sears' Alistate insurance group increased its net income by 22 per cent to \$1764m. A significant increase in capital gains, reflecting an improved stock market, and higher investment income contributes to the improvement. Revenues rose 17.5 per cent to \$2.69bn.

\$6.4m compared with net earnings of \$4.1m last year. The securities related activities reported \$15.3m in bet income compared with a loss of . the extremal introduction of the new Discover card, which the company said was in line with previously n ported estimates, Earnings of Coldwell Banker, the property group, dropped from \$21.5m to \$16.8m, and

Swiss group

buys control

of Minerva

By John Wicks In Zurich

ZURICH INSURANCE has ac-

quired a majority interest in Miner-va, a group of Italian insurance companies headed by the Rome

holding and reinsurance firm, Italo-

Americana di Assicurazioni e Rias-

The transaction, no price for which was disclosed, will strength-

en the Swiss concern's existing po-

sition in Italy, where gross pre-

miums amounted to the equivalent of SFr 245.2m (S186.2m) in 1984.

Zurich and Vita, its life assurance

affiliate, each bave a branch in Mi-

lan while Zurich owns the Rome subsidiary, Danublo Cia di Assicu-

sicurazioni.

# Northern **Telecom** earnings fall 18%

NORTHERN TELECOM, the Canadian telecommunications equipment maker, suffered an 18 per cent decline in first-quarter earn-ings, with net income falling to Dean Witter financial services announced a first-quarter loss of Spam composed with a service state.

The setback had been expected ty the company and was due mainly to lower sales in the US and Sim lost year. However, a net after. ughter margins on its DMS digital tax loss of \$22m was attributed to office switches. Noted said that prices for switching systems had fallen, its order backlog had shrunk and installation and service costs had increased.

Total first-quarter revenues slipped fractionally to \$970m, but Sears World Trade reported a \$3.2m sales in the US dropped by almost 4 loss, which was \$600,000 up or, a per cent to \$639m. Offshore sales dipped by more than 20 per cent to

Operating earnings fell sharply from \$95m to \$57.7m, but the decline was offset by lower tax provisions. Mr Edmund Fitzgerald chairman, forecast a strong recovery in sales and earnings in the sec-end half of this year. But he cautioned that lower orders would continue to depress business during the current quarter, ending June 30.

Mr Fitzgerald said that software problems, which contributed to lower demand for the company's switching products, had been re-solved. He added that initial customer response to the software upgrades has been favourable."

· Abitibi-Price, the world's largest newspriot maker, suffered a drop in first-quarter earnings to CS17.8m (USS12.8m), or 24 cents a share, from CS23.7m, or 34 cents, a year earlier on sales which rose from CS581.4m to CS647.4m.

The earnings drop was due largey to a decline in interest and miscellaneous income, which fell from razioni e Riassicurazioni Generali. | CS10.7m to CS100,000.

# Saab sales and profit rise 7%

in quarter SEARS ROEBUCK, the US retail- lated by lower interest rates. An ac-

By Kevin Done in Stockholm SAAB-SCANIA, the Swedish automotive and aerospace group, in-creased group turnover and profits

by about 7 per cent in the first three months of the year, Group sales increased to SKr 8hm (\$1.1hm) from SKr 7.5bn a year earlier. New orders booked in the first quarter were unchanged at SKr

Saab-Scania, the third largest European heavy truck maker with tround 6 per cent of world producion and a European market share of 13.3 per cent, increased its new orders for commercial vehicles, by 10 per cent.

The group expects deliveries of trucks and buses this year to sur-pass the 1980 record of 27,000 units. compared with sales last year of

first quarter rose by about 10 per cent to 29,400 units, compared with 26,000 a year earlier and sales this year are expected to exceed 120,000, compared with 107,000 in 1985, Mr Georg Karnsund, managing direc-

● MoDo, Swedens third largest forest products group, plans to raise about SKr 275m through a new

The company is planning a one-for-four rights issue at SKr 140 per share. MoDo shares have traded re-cently at around SKr 280.

#### Sulzer set to step up investment

By Our Zurich Correspondent

Turnover, which increased by 7.3 per cent to SFr 4.5bn (\$2.44bn) last

Last year net earnings amounted

o SFr 42m against a loss of SFr 16m in 1984.

includes projects totalling some SFr 270m. This year the group intends to increase capital investments by 19 per cent over last year's level of SFr 146m and raise research and

min Baltensweiler, the board chairman, said that group liquidity of some SFr 1.4bn was enough to finance "certain acquisitions and innovations."

# **Control Data loss** \$21.2m in quarter

BY PAUL TAYLOR IN NEW YORK

CONTROL DATA, the beleaguered US mainframe computer, computer peripuerals and financial services group, yesterday reported a wider first-quarter net loss, reflecting the continuing problems of its comput-

The Minneapolis-based group, which came close to the brink of financial collapse after posting a \$567.5m net loss last year mainly because of huge losses in its per-pherals products operations, posted a \$21.2m first-quarter loss, compared with a \$9.2m loss in the 1985

Revenues, excluding those from the group's commercial credit fi-nancial services unit, slipped by 10.6 per cent to \$798.1m, compared

> Control Data, which is undergo ing major restructuring, including asset sales, plant closures and layoffs, said its computer business had offs, said its computer business had an operating loss of \$38.7m in the latest period. The first-quarter re-sults also include a \$500,000 gain from restructuring activities and a \$3.1m tax credit gain and include \$7.4m in losses related to affiliates'

to \$148.2m, or 51 cents. Mr Michel Vaillaud, chairman,

# SmithKline hit by drug tampering costs

BY OUR NEW YORK STAFF

SMITHKLINE BECKMAN, the US pharmaceutical group, yesterday reported a 12 per cent drop in first quarter net income to \$116.4m, \$1.51 a share, after taking a \$28.9m after-tax charge to cover the costs of an early retirement programme and tha withdrawal of three of the group's products after tampering in-

The one-line charges reduced pre-tax earnings by \$57.8m, of which \$41.8m covered early retirement costs and \$16m covered the costs of the product withdrawal The company says that without these charges its earnings in-creased to \$1.88 a share.

chief executive, said "the strong performance during the first quarter was broad-based and was helped by favourable currency exchange. This had the effect of adding \$31m to consolidated sales, compared with the first quarter of 1985. SmithKine's sales rose by \$93.1m to \$863.1m in the lastest

Pharmaceutical sales, which account for over balf group sales, increased 15 per cent to \$461.2m, or \$1.07 a share, to \$55m, or \$1.25 spurred by "excellent results" in the US for Tagamet, the group's ulcer medication. Higher Tagamet sales in the US were somewhat offset by Wall Street estimates and continue

Mr Henry Wendt, SmithKima's. lower sales in Japan where competition was intensified. Sales of eye and skin care prod-

ucts rose 24 per cent in the first quarter to 574.5m, and higher sales were also reported for instruments and supplies (primarily Beckman instruments), animal health care poducts and clinical laboratory

In contrast, Schering-Plough, another US drugs group, lifted first quarter net earnings from \$54.1m, or \$1.07 a share, to \$85m, or \$1.25

a recent trend of profit rises at the New Jersey-based group, which produces a wide range of consumer items apart from pharmaceuticals. Revenues rose from \$487m to

Farnings also rose at Eli Lilly, the Indianapolis-based drugs group which also produces electronic medical instruments, agricultural chemicals and cosmetics. First-quarter net profits ad-

vanced from \$160.9m, or \$1.13 a share, to \$172.8m, or \$1.24, while sales rose from \$908.6m to \$988.3m. The per-sbare figures reflect a twoThis announcement appears as a matter of record only

March, 1986

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U.S. \$ 10,000,000

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Guaranteed by Anadolu Endüstri Holding A.Ş.

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XXII WEEKEND FF

# GTE's planned link with Siemens worries customers

GTE, the US telecommunications company, may be in danger of alienating customers for its flagship product in the booming but bigbly competitive \$5.4hn US market for public telephone exchange equipment.

GTE's hopes of linking up with Siemens of West Germany have had some customers worrying that the company will reduce its commitment to its

duce its commitment to its main central office switch, the GTD-5. European competitors are eyeing the gap in the market that could open up. "We are concerned that the merger with Siemens may take the emphasis off their desire to sell the switch end support it." says Mr Rohert Hubler, district manager at Mountain Beil and in charge of switching equipment for Metropolitan Phoenix. That would "leave open a niche," not only for Siemens hut for others, he adds.

Mountain Bell is evaluating the GTD-5 in field trials as a possible third choice to products supplied by American Telephone & Telegraph and Northern Telecom, which dominate the market with sheres of 50 and 35 per cent respectively, switch according to estimates by Northern Business Information Inc., e US research company. Since AT&T was divested of its former Bell operating concerns, which serve some 80 per cent of the US, those companies support it and for how long and how to motivate designers to

The joint venture with GTE. to combine the two companies' central office switching and transmission equipment busineases, was expected to streng-then the West German group's chences because it would give direct access to GTE's captive market of 18 US and three telephone operating

Terms of the agreement heve not been concluded. Mr Theo-dore Brophy, GTE's chairmen, said at the company's annual meeting last week that negotianons were continuing but were inconclusive. Slemens would not comment on the agreement.
The EWSD switch had 1.3m lines installed worldwide at the end of last year, about one-third the penetration of GTE's

"GTE hasn't got the money have been actively seeking a how to motivate designers to switches developed jointly by not comment on whether dropping in price. Will not be "releasing new soft-third and possibly fourth stay with an old system. If the GTE and Italian companies. research and development fund- By the 1990s, manufacturers will be facing the even more current."



through, GTE will bave no future in the switching market." But be edds that Siemens, without GTE, will bave a much harder time entering the US

market. GTE, mainly through its captive telephone operating com-panies, has about 11 per cent of the US market, according to Northern Business Information. It also has major sales in Italy and Belgium, Mr Augusto Vigbi, acting director of Instituto Superiore PT, the research arm of Italy's telephone anthority. says Italy purchased 25 GTD-5c switches developed jointly by GTE and Italian companies.

annoyed. They committed themselves to this product and expected to be supported for 10 to 15 years." says Mr Ken Povell, network and product planning executive at Plessey Provide such product support to the provide such product support to want to abandon the Telecommunications. Grain and new orders being to share through its joint venture with Siemens. "GTE does provide such product support to want to abandon the CTDE." Telecommunications Group. Plessey, through its US subsidiary Stromberg-Carlson, is also trying to breek into the US Bell company market and has an important field test under way at Bell South Ceotral in Atlenta

An executive at GTE Mid-western Telephone Operations, which is e group of seven GTE. telephone companies with over 1m GTD-5 lines in service, says In GTD-5 lines in service, says he feels he has no reason to be concerned yet. "Everything I've heen told is that It will he supported," he says. But, he adds, "there is definitely a need to continue to enhance it. It would he difficult to keep in

service with no enhancements at all." Telephone operating com-panies are increasingly interested in advanced call features and so-called ISDN, permitting auch services as voice, date, fast facsimile, telex and limited video on a single

GTE contends that it is continuing to support and develop the GTD-5 switch. But it would not comment on whether

of dollers invested in the GTE lng or decreasing. "We've product. made no determination to phase it out." says the compeny. Some daunting task of daveloping optical exchanges that switch

provide such product support not want to abandon the as new software for enbanced services costs about \$200m to S300m a year, according to Mr at a threshold over whether to Northern Business Information. The US market is more three bugs investment and software."

The says the source of tension over the region in equipment and software."

EWSD switch.

important than ever to European contenders beceuse national merkets in Europe are too small individually to aupport the growing development costs behind the newest generation of digital switches that telephona operating companies now demand, according to industry experts. Both ITT and Sweden's Ericsson say they spent ebout \$1bn developing their respective entries.

The next wave of switches "will cost \$2bn to \$3bn" to develop, says an Ericsson executive. Software, costly to develop hecause of its heavy manpower commitment of "people sitting down and writing all the instructions," now accounts for 80 to 90 per cent for the systems, while hardware, such as electronic circuit boards, now accounts for only 10 to 20 per cent and has been

US QUARTERLIES

at a ma a ma	AMDAHL Plug-compatible computers	ERBIART Adhesives, industrial products
Stomers daunting task of daveloping	1985   15   1985   15   15   15   15   15   15   15	## 1986 1986   1
optical exchanges that switch telephone line traffic by light	AMERICAN ELECTRIC POWER	FORT HOWARD PAPER Paper products
rather than electronics.  It is just such high development costs that GTE is boping to share through its joint venture with Siemens. "GTE does	First quarter   S   Revenue   1.285n   1.	.33bn ) Revenue
not want to abandon the GTD-5," says Mr White of	APOLLO COMPUTER Electronics	Toiletries
Northern Business. "But it is at a threshold over whether to make another buge investment in equipment and software."	1988   15   15   15   15   15   15   15	\$   First quarter   \$   \$   \$   \$   \$   \$   \$   \$   \$
He says the source of tension over the pending joint venture.	BELLSOUTH Telecommunications	GREAT WESTERN FINANCIAL Savings and loans
with Siemens is that the West German company is pushing for ebandonment of the GTD-5 switch in fevour of its newer	First guarter \$	986   First quarter   1,986   1986   5   5   5   5   5   5   5   5   5
EWSD switch.  The market will not be able	BORDEN Oury, lood products	PENRI CENTRAL Electronics energy products
to support all present con- tenders. Northern Business foresees a price war by 1989. Overcapacity will collide with	First guerter \$ Revenue 1.13bn 1.	985   1986   198
a sbarp market decline as tele- phone companies complete con-	COMMONWEALTH EDISON Utility	SAFEWAY STORES Supermerkets
version to digital lines. The sector belped boost sales of central office equipment—the US 25 per cent last year over	First guarter S	955 \$ 1.2bn 6.2m flevenus
1984, the company says.  Although the GTE switch is	DOMINION RESOURCES	TRANS WORLD
older—it was first placed in service in 1982—its features at present are up to date, users say. "It seems very good," says Mr Huhler of Wisconsin Bell,	First quarter	77.0m First quarter \$ \$ 19.5m Revenue
That will not help, argues Mr White of Northern Business, if	Ar Courier services	UNION CAMP
customers perceive that GTE will not be "releasing new soft-	First quarter	\$. 1986 1985 4.3m First querter \$ \$

# "I need bio-tech back-up. And every development penny I can lay my hands on.

The University College of Wales, Swansea, has an international reputation for its bio-technological expertise. It also has an excellent reputation, as do all Welsh Universities and Polytechnics, for the way it supports local industries. It is for this reason that Wales is increasingly seen as the 'home' of bio-technology in the UK, with 35 companies now operating there. Specialist technology is booming in Wales. There are razor-sharp, made-to-measure financial packages available to all relocating and expanding companies and a wide choice of ready-to-use factories and greenfield sites. Dial 100 and ask for Freefone Wales or send off the coupon.

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£75,000,000

Subordinated Floating Rate Notes 2000

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from .21st April, 1986 to 21st July, 1986 the following

information will apply:

1. Rate of Interest: - 10 4% per annum 2. Interest Amount payable on Interest

Per£5,000 nominal or £1,277,74 Per£50,000 nominal

3. Interest Payment

21stJuly: 1986

Bank of America International Limited



Société Development pour l'expansion (April III)

阿利斯

TOT

Corporation des exportations

EXPORT DEVELOPMENT CORPORATION

U.S. \$100,000,000 was issued as the initial Tranche). Export Development Corporation is pleased to announce that the

National Bank of Canada, at its office at 600 Rue de la Gruchetiere Ouest, Montreal, Canada, H3B 4L1, has been appointed as a Paying gent, in substitution for the Mercantile Bank of Canada, in respect

Export Development Corporation, Ottawa.

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BASE LENDING RATES	
PUOL PENDING KAIES	٠.
ABN Bank 104% Grindlaya Bank 11 Allied Dunbar & Co. 104% Guinness Mahon Allied Irisb Bank 104% Hambros Bank 1 American Express Bk 104% Heritable & Gen. Trust 1 Amro Bank 104% Hill Sameal	
Allied Dunbar & Co. 10 % & Guinness Mahon	77.70
Allied Irisb Bank 10 % Hambros Bank	72.7
American Express Bk. 101% Heritable & Con There	7170
Amro Bank 101% Hill Samuel 11% Henry Ansbacher 11%	717
Henry Ansbacher 11 % C. Hoare & Co	V 175
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Robert Fleming & Co. 11 G. Morigage base rate	

## INTL, COMPANIES and FINANCE

# Oil price likely to hit OMV

By Patrick Blum in Vienna

OMV, Austria's state-owned oil and gas group, is expecting sharply reduced profits for 1985 and 1986 because of the fall in oil prices.

Dr. Herbert Kaes, group chair-man, said provisional figures for 1985 showed profits before tax and allocations to provisions had fallen by more than 40 per cent from Sch 1.76bn (\$110m) in 1984 to about Sch lbn in 1985 on an increased turn-

over of Sch 62hn.

Dr Kaes blamed the rapid fall of oil prices since the autumn for the lower profits. He predicted that the group's turnover would fall sharply in 1986 but that it would still report positive results at the end of the year because of savings of about Sch 1.5bn resulting from a reduction of exploration activity in Austria and from rationalisation

OMV is planning to buy 4.8m tonnes of crude oil this year, of which about 1m tonnes will be bought from the Soviet Union, Austria's largest source of crude oil, 500,000 tonnes from Mexico and 390,000 tonnes from Venezuela.

This is a sharp increase in pur-chases outside the Arab states. No figures were given for purchases

#### Gypsum board accepts new buy-out offer

By Our Financial Staff

THE BATTLE for control of National Gypsum, the second largest US plasterboard producer, appears to be drawing to a close following the board's acceptance of a revised proposal from a management buy-out

group.
The group is offering \$46 in cash and \$44 face amount of debentures. for each of National Gypsum's sbares, against a S64 cash bid from Wickes Companies, the US building materials retailer.

National Gypsum bas entered s definitive merger agreement under which it will become a wholly owned subsidiary of a holding com-pany formed by the acquiring group. A special meeting of share-holders will vote on the deal on

# Norwegian aluminium FN Herstal groups plan merger

BY FAY GJESTER IN OSLO

cern, ASV, to create one of the two stake. largest groups in Europe and one of

expect almost unanimous support in the Storting (parliament).

Several earlier merger attempts all backed by the governments of the day – have failed. Despite the state controlling share in Norsk Hydro, and its 100 per cent ownership of ASV, no minister of industry has been willing to enforce a marriage to a merger with Hydro would be some willing to enforce a marriage.

NORSK HYDRO, the Norwegian the creation of a new company, inenergy and industrial group, seems corporating ASV and all Norsk Hy-set to merge its aluminium division with Norway's state aluminium con-Hydro would have a controlling

The exact amount of Hydro's inthe six or seven largest in the itial stake is understood still to be world.

A merger scheme is due to be put before the cabinet on Thursday: if endorsed by the Government, it can expect almost allows. number of years, so that it could consolidate the new company in its

ASV employees were previously This time a formula appears to have been found which is acceptable to both management and is bour in both concerns. It involves

# counts cost of strike

FABRIQUE NATIONALE HERS-TAL, the Belgian arms and aer-onautics manufacturer, has reported net profit for last year of just

BFr 6.8m (\$149,000). But the group as a whole, with plants in the US and Europe and covering activities from sporting goods to industrial services, lost BFr 8.8m on a consolidated turn-

For this year, FN has been predicting turnover for the parent at BFr 24.8bm, just 3.2 per cent higher than last year, but it disclosed yesterday that a prolonged strike st the plants near Liège has already put the company BFr 2.3hn behind

to make up the lost ground and found it difficult to calculate the likely effect of the strike on this

# Swiss Bank makes good progress

BY JOHN WICKS IN ZURICH

reported good progress in virtually earnings.

The balance sheet total expanded.

showed a particularly strong sheet was due to greater inter-bank sto-bank exchange and active business, with the due-to-banks to-

SWISS BANK Corporation of Basic umes led to improved net interest

this year with earnings above those by 1 per cent to SFr 129.2bn for the corresponding period of (571.7bn) in the quarter with small-1985. er foreign lending activities resulting in a 13 per cent drop in advances to customers. Customer devourable trend of business to continue, said commission income cause of the weaker dollar.

Revenue from securities and for banks sum up 4.6 per cent. eign exchange dealing also rose fur-ther while increased business vol-the smallest of Switzerland's Big customers.

Five, reported a "very granifying op-erating result" with gross profits for the first quarter susbtantially more than those for the same period last

A cosiderable increase in operating costs had been more than made up for by improved interest income and by a rise in commission earnings resulting from good securities

The Leo balance sheet total rose 2.9 per cent to SFr 13.33bn, due primarily to increased customer de-

# North Ame

First quarter	1986	1985
Revenue	2,11bn	1,73bs
Net profits	714.3cm	107.9m
Not per shere	2.01	1,88
BARK OF NEW ENGLA	NO.	
Benking		
Picat quarter	1985.	1984
First querter	1985	1984

1986 1986 1986 1986 1986 1986 1986 1986	Int Revenue	1966 8 724.8m 122.2m	774,1s
	en Op, set profits	+22 2m	
per enerv	23 Op, net per share	19.99	2.2m 0,00
ITMENTAL TELEGOM ipendent phone system	MARSH & MCLENNAS	•	
nt quarter 1986 1986 poste	Revenue	1986 8 444m 1.77	1985 322
0.64	Stat per share	-	177

# appears as a matter of record only.

# Yen 10,000,000,000 **TOTAL Compagnie Française des Pétroles**

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April, 1986

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Yamaichi International (Europe) Limited

XXII WEEKEND ET

# Europe turns to rating agencies

CREDIT RATING agencies are are active not just as issuers, but also as investors.

markets. Yet the Euromarkets but also as investors.

markets. Yet the Euromarkets but also as investors.

markets. Yet the Euromarkets but also as investors.

Mr Maxwell Logan, manager rating, and also rates 19 ECP in the Moody's Investors Service office now being set up in gress with the Euromarkets."

may be changing.

may be changing.

are active not just as issuers, bonds for which the borrower already has a long-term debt rating, and also rates 19 ECP in the development of the ECP in the market. With ever greater amounts of ECP in the market.

who runs the London office. have generally managed to get of the Moody's Investors Serby without them. Now, the agencies believe the picture London, says: "ECP is of psrticular concern because bankers may be changing.

True, many Eurobond issues are telling us that they're are rated, and there are a growing number of professional

Ing number of professional investors who look for ratings. But when pricing and buying issues, traders and investors tend to rely more on gut feelings about the borrowers' creditworthiness than on formal, inde-pendent assessments.

This attitude, supported by the low default record of the Eurobond market, is in accordance with its relative lack of formalised procedures and with its discretion. Borrowers strive to win the valuable, if intangible, advantage of a good "name" in the private world of Eurobond investors.

Despite such frustrations, the rating agencies have been encouraged to renew their assault on Europe by the growth of a new — though equally sec-retive — market which seems to demand their services: the market in ahort-term securities known as Eurocotes or Eurocommercial paper (ECP).

Banks have developed it partly because of their drive to get lending off the balance sheet. The emphasis has been on investment banking, earning fees on services and turns on trades, and away from making money on old-fashioned loans.

For most of the short life of the ECP market, however, banks themselves have been the main investors. For disintermediation to be meaningul, banks

must find other people to lend Many bankars believe that this process will be speeded if raiting agencies are accorded a more prominent role. They want to see ECP develop along the lines of the US commercial

**Mass Transit** 

Railway funding

THE Mass Transit Railway

A NEW London-based rating agency, Euro-Ratings, is being estab-lished to scrutinise issues nf short-term paper in the Euromarkets, as well as sterling commercial paper if such as market is permitted.

Shareholders initialled an agreement to set up the new company at a meeting in London yesterday. They are understood to include Fitch Investors Service, the third-largest US rating agency, and

ECP market will repeat the ex-

with ECP or Euronote programmes. Its London office will have about five staff whose principal role will be to establish contacts with investors.

Analysts will continue to travel from New York to assess European borrowers.

Standard & Poor's has been established in London for two years, and is currently expanding its existing staff of two analsts. It opened an office in want to see ECP develop along analsts. It opened an office in the lines of the US commercial Tokyo earlier this month. S & P paper market, where companies assigns ratings to all new Euro-

BY KENNETH MARSTON, MINING EDITOR

SIR RODERICK CARNEGIE, that the conditions of over-

who runs the London office.
"Traders seem to like ratings, and investors real do need them."

Australian Ratings, a fiveyear old concern which rates domestic debt, including commercial paper, in Australia. There will also be European

shareholders.
Mr Michael Gibbs,
EuroRatings' managing director, expects to recruit six to eight analysis and to get the company fully under way by September. As well as company ratings, research will be published on broader subjects.

ECP market will repeat the experience of the US commercial paper market, albeit with modifications. Rated borrowers to emergo. EuroRatings, the word of the market than non-rated borrowers."

Moody's publishea, in its monthly Short-Term Market monthly S Against these two best-known names, at least one and

UK business and sporting information group, is fighting a hostile bid from a vehicle company, called Demerger, set np by Mr Michael Rhode and Mr ePter Earl. If their bid succeeds the well-bear and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of their peers, and the secured paper of the sec

CRA chief sees improvement

the rating question is looming larger. "Some issues are not exactly investment grade quality." remarks one leading banker in the field.

A core of end-investors in ECP is being established away from the banks. No banker is keen to be too specific about who they are, but they include central banks, state agencies, money funds on both sides of the Atlantic, and corporate

Corporates are the key. Since most industrial companies do not have credit assessment departments, they are the most likely category of investor to need independent ratings if they are to invest their day-to-day cash surpluses in ECP.

Mr Brian Woolley, an executive director of Citicorp Investment Bank, believes that a rat-ing system will take bold when there is a "critical mass" of paper within which there are price differences between rated and unrated instruments.

There are cultural barriers to cross. European borrowers may not take kindly to the cost of getting rated, or to the rating process itself, which entails lay-Another competitor may ing open their books, their emerge out of a takeover bat- executives and their operations tle now in progress. Extel, the to groups of analysts who, they

ceeds, they will break up Extel and entrusting the assessment of the risk to someone else. would then carry out an agreement with Euromoney, the public tremains to be seen to what

#### \$450M note facility for Coca Cola subsidiary

EBS FINANCE, a special purpose subsidiary established by Caba Cola last year to finance receivables of its Columbia Pictures unit, is additionable 4450m and a 445

commona Pictures unit, is adding a \$450m note issuance
facility to the \$630m it raised
in a similar deal.

This puts it among the biggest
corporate borrowers in the
Euronote market. The receivables being financed, which are
bought by EBS, are payments
from television stations for
Columbia Pictures' films and
television productions. television productions.
Salomon Brothers International, which arranged the

first facility last June, is also arranging the new one, which is one year longer at five years although the average life will be not more than three years.

The deal carries a facility fee

of 6.25 basis points, unchanged from last year's terms, though initially there will be a reserve trancha of \$250m on which e 5 hasis points fee will be

payable.
EBS, which can use the facility as e back-up for issues of peper both in Europe and tha US commercial paper market, is expected to divide its use about equally between the two. It currently has about \$150m nutstanding in the Euro-note market, but the totals vary substantially depending on its

needs. The maximum margin payable under the facility, which will have a tender panel structure, is i percentage points above London interbank offered rates (Libor). The utilisation fee is
} point if the facility is more
than half used.
Last year's financing was well
received being doubled from received, being doubled from an initial amount of \$365m.

**Bank Hapoalim** earnings

up by 85%

Corporation has increased its ability to raise funds through the issue of commercial paper the issue of commercial paper by adding HK\$500m uncomby adding HK\$500m uncomby adding HK\$500m uncomby adding HK\$500m uncomby arm, thinks that the worst of past four or five years, are past four or five years, are from A\$29.5m. A gradual important than the statement of the past four or five years, are from A\$29.5m. A gradual important or five years, and five years, and five years, are from A\$29.5m. A gradual important or five years, and five ye By Lynne Richardson in Tel Aviv

ing loans at \$17bm.

ing loans at \$17bn.

Reflecting the difficulties that the Israeli business community is currently facing. Bank Hapoalim set aside \$110.4m in 1985 for bad debts. Some of the bank's largest clients have featured in controversial government hall-outs, including the giant Solel Boneh construction company and Kupat Holim, the country's major health fund. • United Mizrahi Bank, Israel's fourth - ranking commercial bank, registered an improved net profit of \$3.9m for 1985, credited to extensive cost-cutting implemented through-out the Israeli banking system

since 1983. UMB's balance sheet dropped 9 per cent in 1985, reflecting an inflation of the shekel grester than its devaluation against the dollar — s percentage of the bank's balance sheet is denominated in US currency. Total capital assets of UMB stood at US\$190m et the end of 1985, down US\$2m on 1984. The year was marked hy further retrenchment with a 7.5 per cent cut in the workforce and further branch closures.

As with the other Israeli banks, the recession has been reflected in a \$26.3m provision for bad debts. This is more than three times the allowance for

#### W. German bourses agree to reforms

WEST GERMANY'S eight regional stock exchanges have manimously agreed on a "mini reform" to help improve their efficiency and co-ordination in the face of growing foreign

The exchanges yesterday ep-proved a charter under which their working group will be np-graded to an association with a permanent base and chairman. This new body will represent the interests of the exchanges abroad and handle major national stock market issues such as the introduction of new trading instruments.
It will also issue an annual report and produce national statistical material. So far it

has even been hard to find out quickly basic information such as total bourse turnover. The green light follows many months of haggling among the exchanges—proud and jealous of their regional prerogatives. Even recently it was far from certain that all bourses would give the go-ahead. But in that case it was probable that the two biggest, Frankfurt and Dusseldorf, would have gone ahead alone. They represent more than 80 per cent of over-

# Welcome respite in issue activity but no sell-off

in the volume of new Eurobond issues yesterday after last week's avalanche. Bid prices week's avalanche. Bid prices were thin on the ground as most traders' books were full. Bankers said issuing activity will have to remain light if normal trading conditions are to return. There was, however, no major sell-off in the wake of Friday's US and Japanese discount rate cuts though discount rate cuts, though prices eased slightly.

prices eased slightly.

Those borrowers that did bring new deals to this unenthusiastic market were generally well-known names. For instance, Banque Francaise du Commerce Exterieur issued a \$100m bond. The coupon was set at 7½ per cent and the issue price et 101½. The bond is callable after five years at 100½. Lead-manager LTCB International said the bond was trading at discounts equivalent to the full fees.

United Technologies, the US aerospace and engineering

aerospace and engineering group, issued a \$200m seven-year bond. The coupon was set at 71 per cent and the issue price at 1001. Lead-manager Salomon Brothers quoted the bond as trading within fees of 1 per cent. Credit Suisse First Boston

rate note issue for BL Inter-

Daiwa launched a \$100m seven-year deferred coupon bond for Citicorp. For the first five years payments of interest will be rolled up and then paid in a lump sum. After that the coupon will be 8½ per cent.

In the Australian dollar market, ENI International, part of the Italian state petrochemicals group, launched a A\$225m zero-coupon bond, maturing in 2000. The bond is callable after seven years et callable after seven years et

In the Canadian dollar market In the Canadian dollar market recent issues were moving slowly. Wood Gundy brought a C\$75m seven-year deal for the Canadian state-backed Federal Business Development Bank. The bond was priced et a margin of 25 basis points over Canadian government securities, with a coupon of 84 per cent and price of 1004. Wood Gundy reported a hid price at e dis-

however. There was one small issue for Den Danske Provins-

bond matures in 2001 and pays interest at five basis points over of 7½ per cent. Even taking into account an issue price of Fees total 10 basis points. The bond is callable after one year at par.

Daiwa launched a \$100m price as and the bond was seven-year deferred coupon seven-year deferred coupon bond for Citicorp. For the first five years payments of interest was lacklustre and price eased slightly. European Investment slightly. European Investment Bank, however, brought a DM 150m 5‡ per cent 30-year non-callable deal which was welcomed by the market, and traded around its issue price.

DG Bank led the deal.

Bankers reported quiet trading in French franc Eurobonds and slight price falls on profit-taking. Generally, the market has recovered after the substantial price falls et the end of last week, when changes in the taxation treatment of long-term investments were

The largest issuo ever made in the French franc Eurobond market was announced for Province of Quebec, lead-managed by Credit Commercial de France. The FFr 800m issue has a life of 15 years, a compon. reported a fid price at e discount equivalent to the total
fees of 17 per cent.

Ecu bond prices deteriorated
quietly in thin trading as some
investors took profits. Traders
saw this as a technical reaction,

The Trades The France. The France. The Trades a componing the price of 15 years, a componing to the price of 15 years, a comp

closed for a local holiday, so Swiss franc foreign bond national, guaranteed by parent bank, the fourth biggest bank trading was quiet. There were Banque Bruxelles Lambert. The in Denmark. The Ecu 30m no new issues.

# Major setback for Lyon toymaker

MAJORETTE, the French which under its aggressive 10.3 per cent drop in turnover

manufacturers of toy cars, saw chairman Mr Emile Veron, has to FFr 348.9m.

profits tumble by 27 per cent long been considered one of the last year to FFr 20.4m high-flying medium-sized companies of the Lyon region. It Majorette forecast that sales had been foreshadowed by the would be up by about 20 per major setback for the company and is largely a result of a by the devaluation of the franc.

#### FT INTERNATIONAL BOND SERVICE

Closing prices on April 21

By Lynne Richardson in Tel Aviv

BANK HAPOALIM, yesterday reported net earnings of US\$54m for last year, up 85 per cent.

The improved performance from Israel's second largest commercial bank was in line with the recovery elsewhere in the sector.

Bank Hapoalim's annual figures show a 9.1 per cent return on equity compared with 5.2 per cent in 1984. Consolidated assets stand at \$22m, deposits at \$15bn and ootstand. EDF 10 95
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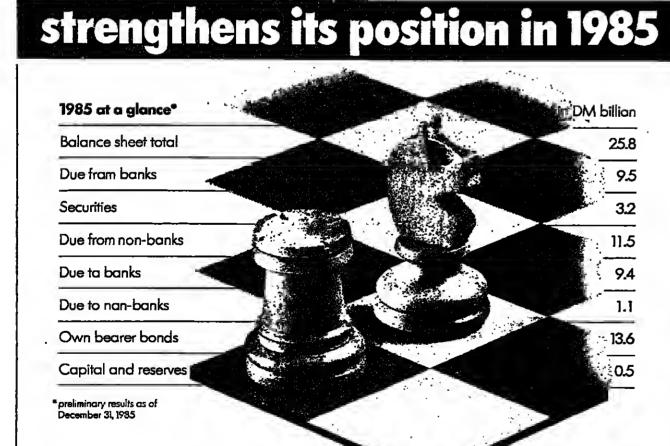
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Itselling Rece Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte—Intel next coupon becomes effective Sprass —Margin shows sto-month offered rate (‡ three-morth; § above mean rate) for US dollars. C.cpn—The current coupon-wise indicated. Chg. days Change on day. Cnv. dage—First date for conversion into shams. Cnv. price—Nominal amount of bood per share napreased in Pram—Percentage promition of the current effective price of acquiring shares vie the bond over the most

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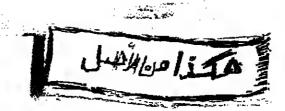
Badische Kammunale Landesbank, Mannheim - ane of Southwest Germany's mojor universal banks – again achieved satisfactory results in 1985.

The balance sheet total rose by 6% to DM 25.8 billian. Lending octivities olso grew, increasing by 3.9% to DM 18.6 billian. Export financing business developed favorably. and the Bank expanded its

already prominent position in forfaiting. The London branch ond the wholly-owned subsidianes - BAKOLA LUX, BAKOLA (SWITZERLAND) LTD. and FFZ - also recarded a successful 1985.

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#### INTERNATIONAL COMPANIES and FINANCE

The state of the s

David Dodwell reports on the prospects for the Hong Kong airline flotation today

# Cathay on course for a smooth take-off

HONG KONG'S Cathay Pacific Airways has for the past two years been telling the world that anyme who flies with them will "arrive in better shape."

298m shares on offer—15 per cent of the airline's issued share capital—this was a sacrifice of HK\$8m (US\$1.03m).

Cathay Pacific, which has

As the company goes public today, with the largest share offering ever mounted in Hong Kong there is every sign that it will arrive on the territory's stock exchange in very good shape, indeed. Fuel prices and exchange rates seem likely to be swinging so strongly in its favour that a record year is being signalled. At the same time the Hong Kong stock market is pressing against record levels.

But it seems nothing is to be left to chance. To any canny Chinese investor, it will be no coincidence that Cathay Pacific's shares are to be offered to the public at HK\$3.88 a share. In Cantonese, the words for 3.88 sound identical to those meaning "very prosperous."

The original issue price was intended to be HK\$3.90, but the intended to be HK\$\$.90, but the group's two owners—Swire Pacific wih 70 per cent and Hongkong and Shangbai Banking Corporation with 30 per cent—thought it wise to forego 2 cents per share to hit the right auspicious note. With

BY YOKO SHIBATA IN TOKYO

A reduction of the official

discount rate twice during the half-year, lower oil prices and the appreciation of the yen

combined to create a highly favourable climate for invest-

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Thai go-ahead for Westpac unit

BANK OF THAILAND has AGC a special seven-year right

approved a plan for Australian to bold a majority of First Siam, Gnarantee Corporation (AGC), a unit of Westpac Banking to take an 80 per cent stake in First Siam Financial Corporation, a troubled finance house, Reuter reports from Bangkok.

AGC a special seven-year right to bold a majority of First Siam, which has assets of some take an 80 per cent stake in usually limits foreign equity participation in finance companies to 25 per cent.

AGC will inject 120m baht

JAPAN'S BIG FOUR securities

houses achieved record pre-tax profits in the half-year to March, deriving a boost par-ticularly from bond market activity.

Cathay Pacific, which has operated since 1959 as Hong Kong's de facto flag carrier, ranks among Asia's leading air-line groups. It operates some 400 flights a week to points in Asia. Europe, North America and Australasia.

As a flare companion with

As a fierce competitor with Singapore Airlines (SIA), which also went public recently in the uncomfortable wake of the Pan-Electric collapse, it has pioneered long-baul non-stop passenger flights to Europe and North America, investing North America, investing heavily in one of the world's most modern fleets.

Last year it carried 3.85m passengers, earning a net profit.
of HK\$777m on a turnover of
HK\$7.5bn. Profits for the
current year are forecast to pass
HK\$1bn, almost eight times the
HK\$130m profit of 1981.

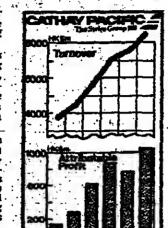
Record profits for Japan securities houses

JAPAN'S BIG FOUR SECURITIES HOUSES

Parent company results, half-year to March (Ybn)

(+39%) . 31.44 (+30%)

(+38%) 151.44



HK\$15m, almost eight times the
HK\$150m profit of 1981.

At an issue price of HK\$3.88

a share, the public offering is
expected to raise HK\$1.54m, or 33 per cent—to provide "a
and values the company at just
over HK\$100m. This gives a
price earnings multiple of 10.3.
marginally below the multiple
of 11 arrived at in the SIA

Dalwa

(+35%) 108.62 (+40%) 41.72 (+50%)

has revoked an order vesting a 5.9 per cent stake in ACI International, the glass and building products group, with the National Companies and Securities Commission.

179.10 (+30%) 48.73

(+39%) 28.95 (+29%)

Equiticorp nearer bid for ACI

THE VICTORIA Supreme Court pany which is bidding for ACI, has revoked an order vesting had sought the return of the a 5.9 per cent stake in ACI 19.7m share parcel to nominees.

further 7.5 per cent of Cathay's fuel prices tumbling, and the

As a result of these moves, chairman of Cathay, admitted wire will be left with a 54 per vesterday: "Aviation is a Swire will be left with a 54 per cent stake in Cathay, while cent stake in Cathay, while Hongkong Bank's holding will fall to 23 per cent. Swire says it will spend the HK\$1.65bo raised in repaying debt and investing in existing and new ventures in Hong Kong. Hongkong Bank has not disclosed how it will use its own share of the precede.

kong Bank has not disclosed bow it will use its own share of the proceeds.

With most investors speing this offering as Hong Kong's "blue chip" floration of the year, there is every sign it will be heavily oversubscribed—some say as much as 20 times.

Although the offer will not close mill April 29, with share deal.

eventually made profits from from bond transactions equiva-

Equiticorp said it hoped its imital hid document would now

be registered next week.

Rong public bidding for about 228m shares.

In parallel with the public offer. Swire Pacific and the Hongkong Bank have placed a purchasing airline stocks. With shares with three local com- Hong Kong dollar weakening panies — Hutchison Whampoa against the hard currencies in and Cheung Kong, controlled which Cathay earns most of its by Mr Li Rashing, and Hysan revenue, there is every sign Development, the property 1986 will be a peak year.

> Nesterday: "Aviation is a cyclical business, not really for the faint hearted."

> For Cathay, this is particu-larly the case, with the inevit-able commercial cycles being threstened by unique political circumstances. In 1997, when

these are too distant to damped enthusiasm over today's flotation. They seem certain to ensure that the arline will indeed arrive on Roog Kong's stock exchange "in better shape."

#### Hindustan Lever boosts sales 75%

By R. C. Hurthy in Bombay HINDUSTAN LEVER, the Indian offshoot of the Anglo-Dutch Unilever, achieved a 74.8 per cent increase in sales to Rs 7.07on (\$569.2m) last year, and pre-tax profits rose

Profits after tax surged by a half to Rs 325.6m from Rs 276.8m. The dividend is being raised by 82 percentage

Hindustan Lever, which ranks fourth by sales in India's private corporate sector, mann-

Ashok Ganguly, the chairman, says he is to study the possibilities of using advanced technology in natural polymers from National Starch and Chemical, a Unilever sub-sidiary in the US.

by more than a quarter to Rs 555.6m from Rs 440.1m.

from bond transactions equiva-lent to 60per cent of the pre-vious year's level.

Commission income from equity trading did not grow as fast as bond-related income, although the average daily volume on the TSE in the first half increased, particularly in February and March.

This relativaly modes: This relatively modest earning performance in slock trans-actions in part arose from the lower commission rates for large-volume customers at a time when institutional points to 30 per cent. time when institutional investors have had a growing influence on the market.

factures chemical fertilisers, soaps and detergents, of which it is the market leader.

The company plans to diversify into bigrechnology and agricultural chemicals. Dr

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Bankers Trust Company London Agent Bank

US. \$60,000,000

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Interest Rate interest Period

22nd April 1986

22nd July 1986 Interest Amount per U.S. \$10,000 Note due

22nd July 1986 U.S. \$252.78 Credit Suisse First Boston Limited

Agent Bank

ment in both bond and stock markets.

More relaxed credit conditions buoyed bond trading volume. Profits from bond trading at Nomura, Daiwa and Nikko, the top three, were more than double the levels of the previous full year.

However, they showed a mixed performance in bond reported a dealing profits and commission income, while Yamaichi mixed performance in bond futures trading which began on Y13.1bn due to a plunge in the Tokyo Stock Exchange (TSE) last October. Daiwa



tion, a troubled finance house, pames to 25 per cent.

Securities Commission.

Early last month it announced Reuter reports from Bangkok.

AGC will inject 120m baht. Equiticorp Tasman, the New 2 cash bid of A33.20 per ACI

The central bank is African Anto-First Siamber 100 per ACI

Zealand owned investment come share, reports Reuter.

£50,000,000 10½ per cent. Notes 1991

Baring Brothers & Co., Limited

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Credit Suisse First Boston Limited

Dai-Ichi Kangyo International Limited

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**EBC Amro Bank Limited** 

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# Berisford chief hits out at Hillsdown bid

XXII. WEEKEND BT.

S. & W. Berisford, the diversified commodity trading group, yesterdsy again rejected the yesterdsy again rejected the £486m bid by **Hillsdown** Holdings, the acquisitive UK food manufacturer, as "wbolly un-

acceptable."
Mr Ephraim Margulies,
Berisford chairman, told shareholders at an AGM in London that discussions were continuing

that discussions were continuing with other parties, "particularly with Tate & Lyle."

Mr Margulies said that the Hillsdown offer, if accepted, would create a group in which Berisford contributed 58 per cent of earnings, 67 per cent of the assets but only 45 per cent of the combined equity. He added that it would mean a added that it would mean a drop of 67 per cent in income

for Berisford sharebolders.

Mr Harry Solomon, joint chairman of Hillsdown, said he was disappointed with Mr Margulies' response to Hillsdown's offer document published yesterday. The offer valued Berisford at around 240p per share, well above the 1660. per share, well above the 166p per share which Berisford was prepared to discuss last Fehru-ary with Ferruzzi, the Italian food and agricultural group. The Ferruzzi offer was conditional on a management buy-out led by Mr Margulies for all of Berisford's commodity trading and merchanting businesses excluding British Sugar, its wholly-owned subsidiary. The Ferruzzi offer never materialised and the Italian have now accepted the Hillsdown offer.

Mr Margulies is bolding talks with Tate & Lyle with a view no securing the highest price for Berisford's prize asset, British Sugar, should he eventually wish to sell. He is also heing advised by Citibank on a pos-sible management buy-out.



Mr E. Macguiles, chairman of

S. & W. Berisford Hillsdown said in its offer

document that it was concerned about the financial position of the Berisford group. Last September, shareholders' funds stood at £340m, while group horrowings, including guaran-teed and other liabilities not included in the balance sheet, amounted to £814m.

Hillsdown is offering rine shares for every 11 in Berisford, with no cash alternative. On the basis of last night's closing price for Hillsdown, up 1p to 296p, the offer values Berisford, up 4p to 249p, at 242p per share. Tate closed at 648p, up 13p, reflecting market senti-ment that it would launch a bid for Berisford this week. A Tate bid would give the

sugar refiner a huge slice of the UK market and would run the risk of a reference to the Monopolies Commission.

#### Limehouse **Studios for** Trilion

Trilion, the Independent broadcasting and television production company is to take over Limehouse Studios, the Independent production company based in London's Docklands.

already been reached. The purchase will be in the form of new Trition shares which are expected to value Limebouse at Limehouse described as "one

of the major independent studio complexes in Europe" was huilt in 1983. But until the end of last year it was operating at a loss. Mr Bill Hope, chairman of

Trilion, said yesterday: "The business rationale is that the companies are a perfect fit."
Trilion's extensive outside
broadcasting units will be
brought together with the
studios of Limehouse.

The production capabilities of the new group will range from sports, music and drama to The Business Programme which is produced by Llmehouse for Chaonel 4.

Britain's direct broadcasting by voling rights.
satellite project.

### **Hambros** shares suspended

SHARES of Hambros were suspended yesterday pending an announcement about the enfranchisement of limited voting shares of the mercbant banking group, and possibly of a placing of shares controlled

The group's board met yesterday afterocon. A spokesman denied speculation that the meeting had been called to conslder a takeover approach. A spokesman for Lonrho, the conglomerate which bad heen linked to bid rumours, also denied that bis company was interested in acquiring a stake in Hambros.

In January, the Hambro Trust. which represents the Hambro family's interest in Hambros pic and controls 49 per cent of the votes, announced it would be selling its stake. This will entail the abolition of the present two-tier share structure which gives the Trust effective control even though it owns only 15 per cent of Hambro

Chaonel 4.

If the present deal goes through the enlarged company would hope to be able to service franchise holders for ordinary shares carrying equal

# Two Lloyds brokers in £57m merger

By Martin Dickson

Two Lloyds insurance brokers PWS International and the Howard Group — yesterday announced a £57m agreed merger that will create a husiness ranking seventh by brokerage income among quoted British insurance

orokers.

The deal takes the form of an offer by PWS, which has a full quotation, for Howard, which is a USM-stock, but the agreement is essentially a reserve takeover of PWS by Howard.

Howard.

Shares in both companies rose sharply on the news.
Howard closed at 315p, np 22p on the day, giving it a market capitalisation of £36.6m, while PWS closed np 33p at 288p, with a capitalisation of about £20m.
Howard came to the USM

Howard came to the USM a year ago as the holding company for two Lloyds brokers specialising mainly in American casualty insurance and reinsurance. A subsidiary handling American property insurance joined the group last Octobec. In January Howard reported 1985 hrokerage profits un 92 per cent to £3.31m. well ahead of the £2.9m forecast at the time of

PWS, which obtained its listing in July 1984, special-ises in international fire, accident and marine reinsurance broking of facultative and treaty husiness, it is also and treaty hasiness. It is also a managec of ceinsurance pools. However. Its profits drepped £235,000 to £1.73m in the year to March 1985 because of underwriting losses at its Bermadan subsidiary. Spectrum.

Mr Ronnie Ben-Zur. managing director of Howard.

mr Rotate Ben-Zur, man-aging director of Howard, will become chief executive of the combined group, with Mr Makcolm Pearson, chair-man of PWS, relatining that role in the cularged group in a non-executive capacity. a non-executive capacity.

Br Ben-Zur, who initiated the mergec o'an, said yester-day that "the merger com-bines two profitable market niche activities and broadens our already strong business suread. It will reduce Howard's dollar dependency.

Howard's dollar dependency.

The offer is 10 new PWS
shares for every nine Howard, a
Calixo Holdings, of which Mc
Ben-Zur is a director, has
irrevocably accepted for the
75 per cent of Howard It
holds, and will have 48.5 per
cent of the enlarged group.
Full acceptance of the offer
would give Howard sbarebolders 64.7 per cent of the bolders 64.7 per cent of the en arged group.

#### Canvermoor

Canvermoor, the USM quoted manufacturer and distributoc of soft drinks, had trading in lis shares suspendede yesterday, pending an announcement. An approach to the company has been made which may lead to a bld.

Staffs. Potteries

The board of Staffordshire Potteries has formally rejected the recently increased £14m hostile hid from Coloroll and yesterday announced that, in the light of sustained recovery, it was forecasting dividends for the yeac ending June 30. 1987 of at least 5p per share — 25 per cent up on the forecast for the current year.

Charles Batchelor on the background to Monotype's imminent reflotation

Monotype Corporation, the manufacturer of printing equipment which has been twice rescued from collapse in the past eight years, is to return to the stock market next Monday in an Unlisted Securities Market flotation expected to value the company at about £30m. board bas spent the past five years reorganising Monotype. 1t bas concentrated on developing

vpesetting equipment which is finding increasing acceptance as Fleet Street newspapers entec a period of rapid change. A pre-tax loss of £2.79m in 1981 bas been turned into a profit of £2.53m in 1985, and turnover has more than doubled from £13.1m to £28.7m. The workforce has been reduced from nearly 1.200 to 550 and a footen-time beautiful transfer than the statement of the statement of the statement of £2.50m. factory in Dunfermline was sbu

down.

Monotype's sbareholders,
mainly City institutions, nian to sell about a quarter of their shares, while around £5m worth of new shares will be issued. In all about 40 per cent of Monotype's shares will be offared for

sale.

Recent stock market jitters in the wake of the US hombing of Libya have many pricing of the offer difficult, so that Phillips & Drew, brokers to the flotation, have made broadly-based estimates of between £25m and £35m for the value of the entire company.

of the entire company.

Monotype is one of the grand old names of the British print-ing industry. Its "hot metal" typesetting machines, effectively miniature foundries producing the letters from which blocks of nrine are made, are in use in book printing plants around the world.

Founded in 1897. Monotype built un a world-wide business outside the Americas—for the semi-automatic typesetting equipment developed by Mr Tolbert Lanston, an American inventor. Until 1978 the cominventor. Until 1978 the com-pany was shut out of the Ameri-can continent by an agreement which gave exclusive rights there to the Lanston Monotype Company, the British company's US twin. That agreement has been renegotiated and Monotype began to enter the US market in 1980.

Monotype prospered until the 1970s when it moved too slowly into computer technology and it became the victim of a lengthy

Henara up

slightly

Coming back into print



Mc Rogec Day, chairman and chief executive of Monotype Corporation, with the rotating mirrored polygon which forms the core of the company's Lasercomp range of typesetting machines'.

takeover battle conducted by Grendon Securities, a property company subsequently con-trolled by Mr Christopher Selmes, the financier. Grendon was primarily interested in Monotype's property assets and the company was starved of development funds.

Monotype was close to col-lapse under a growing burden of debt when it was rescued in 1978 by the National Enterprise Board and Berclays Bank. The company continued to develop its new computer-based products its new computer-based products but recurring financial problems led in August 1983 to a second cescue by three large City Institutions—Electra Investment Trust, Drayton Consolidated Trust and Grosvenor Development Capital. They injected a further £1.5m for a combined 60 per cent stake.

"The programs was accompany to the programs of the programs o

"The previous management went all-out for growth across too broad a spectrum of acti-vity," said Mr Roger Day, who was brought in as chief execu-tive (now also chairman) in Monotype adopted more

modest aims. It stopped assembling screens and key-boards, realising it could not compete with the computer hardwara companies in this

field. It concentrated on making its own computer type-setting system compatible with as broad a cange of other manufacturers as possible.

The Scottish factory was shut to concentrate UK manufacture at Salfords, near Redhill in Surrey, and the work-

Inventories were brought under tight control and Monotype began manufacturing only foc firm orders. firm orders.

Management control was decentralised to the managing directors of the four main operating divisions. Previously the group managing director

force cut by more than half.

had to approve almost all decisions. "We concentrated on ouc basic skill which was the setting of type and images, said Mr
Day. He sees Monotype as a
mechanical engineering company which has barnessed computer software skills. The puter software skills. The company assembles its Lasercomp range using a range of boughtin components, but it makes the key elements itself using tradi-tional high-precision mechanical and optical engineering

main rivals are Linotype, which is part of Allied Corporation of the US; Siemens, the German electrical group; and Agfa-Gevaert, the Belgian film and photographic equipment

company.

Monotype now comprises four main divisions Monotype International makes the range of Lasercomp machines and accounts for more than half of group turnmachines and

The Lasercomp takes the "pages" of information typed into the typesetter's desk-top terminal and converts them terminal and converts them comp range in the mid-1970s, into digital form. This is used the motype's stated reasons for to control a laser beam which the flotation are modest. It strikes photosensitive paper to wants to reduce borrowings and build up an image from provide new working capital, millions of tiny dots. The core though there is the possibility of the Lasercomp is a rotating of small-scale acquisitions and multi-sided mirror which ide loint ventures. Beets the laser beam onto the limite most companies to photosensitive paper.

This is then used to create a sent the creation of one man printing block in either metal or assistal group of individuals or plastic from which the bages who would normally retain control monotype. This is the creation of the creation of one man printing block in either metal or assistal group of individuals or plastic from which the bages who would normally retain control monotype. The printed the printed

Shah's new daily, the Daily Telegraph and the Guardian.

Monotype still makes the traditional hot-metal machines. Business in recent years has consisted mainly of spares for machines, but there existing machines, bas been a recent surge in demand for complete machines from Third World countries and

The traditional division is the smallest but it bousas the creative core of Monotype's business—a library of 1.3m typeface characters covering more than 1000 language. more than 1,000 languages. Typefaces are licensed to users of Monotype's equipment and to rival typesetting companies. Monotype has signed deals with IBM and a number of other leading computer groups to apply typographical techniques to improve the quality of the type on computer screens and print-outs. It also has contracts with the BBC and ITN to improve the look of text used on-screen.

on screen.

The overseas distribution division handles foreign sales, excluding the US. Despite the problems of the 1970s Monotype kept intact its network of overseas sales offices throughout the Commonwealth and the Commonwealth and the Commonwealth are crucial to Monotype's export business, which accounts for 90 per cent of sales.

of sales. as "company doctor" at Monotype after restoring the for-Mr Day, who is 52, came in tunes of Cambridge Instrutunes of Cambridge Instruments the electronics group:
He was joined in 1981 by Mr
John Hollowday, 55, the finance director. Mr Hollowday had worked as a consultant with Mr
Day on several company reorganisations. The third-member of the team Dr David Hedge-land, 37, the technical director and originator of the Laser-comp range in the mid-1970s.

Monotype's stated reasons for

or plastic from which the bages who would normally retain conare then printed.

Monotype: has traditionally notshares in the company, been strongest in book printing.

Going inhibit could expose but the Lasercomp has taken it Monotype itself to an acquisite that the company of the company of the company. skills. but the Lasercomp has taken it. Monotype itself to an acquising skills as being particularly Lasercomp machines are now eyes on its technology or its valuable in view of the tough in use at Today, Mr Eddie typographical library.

Crosfield buys

from RHP

By David Goodhart

Crossield Electronics,

Data Communications, which for the past year, bas been

owned by the engineering group RHP. The price has not yet

Muirhead Data

to £1.27m Pre-tax profits of Henara, the hair and skin care products group, rose slightly from £1,22m to £1,27m in 1985. The company says it was not an easy year and that the performance is not

UK sales were hit by own label competition which made significant Inroads into the toiletries market. Exports, how-

ever, continued to improve and total sales were marginally ahead at £5.65m (£5.62m). The company believes it bas a better platform for growth in

After higher tax of £488,000 (£419,000) earnings per 10p share were down from 6.97p to 6.81p. The final dividend is 2.13p for a net total of 2.83p (2.8p)—equivalent to the same gross payment. gross payment.

> LADBROKE INDEX 1,391-1,397 (-11) Based on FT Index Tel: 01-427 4411

# Ifincorp hits at Kleinwort tactics

BY CHARLES BATCHELOR

finance house which is advising nnance house which is advising Demerger Corporation on its f170m takeover bld for Extel, yesterday accused Kleinwort Benson, Extel's adviser, of trying to block its bid by buying Extel shares at abova the offer price

Mr Peter Earl, Ifincorp's managing director, charged Kleinwort with using tactics similar to those employed in the recent battla for control of Westland, the helicopter group.

based-equality of treatment

If the bid failed.

Mr John MacArthur, a director of Kleinwort, sald the bank March 1986, had made small purchases of Extel did not make a profit Extel shares in the market and forecast: as part of its bid lt bad been prepared to buy a defence. Mr MacArthur denied block of shares from an institutive resterday that the £14m had tion at 402p, but the offer to sell them bad been withdrawn.

He added that it was not uncommon for merchant banks to buy shares of their tilents in last year "was a good one" and takeover hattles. The offers to that it was poised for further

Institutions were then offered buy shares of their clients in premium prices not available to takeover battles. The offers to small sharebolders in an buy Westland shares bad been attempt to build up a block at levels well above the market. ing stake.

In a letter to Kleinwort, Mc
Earl said that the principles on
wblch the takeover code was

The letter were above the market
price whereas the price Kleinwort
wort had been prepared to pay
was only slightly higher than
the market price. Ifincorp said it had com-

Kleinwort to offer the same about the Kleinwort oner to one price to all shareholders or to Extel ahares and also about compensate them for any loss weekend newspaper reports which estimated Extel's profits the year ended

that it was poised for further significant growth. Extel's shares leaped 20p to
410p yesterday, the first time
for about two weeks that the
price has been above the 400n
level of the Demerger casb offer.

BOARD MEETINGS

TODAY

Interime—Cosalt, Cradley Print, Energy Trust, Japan Assets Trust, New Australia Investment Trust, SAC Inter-

Australia investment rust. SAC inter-national, St. Ives, "Scottish, Cities Investment Trust. Finals—A.T.A. Selection, Boassa Massimi Pollist, Centraway Industries, Clament, Clarke, Ellis Brid Everard, Hartona, Mosa Sros. Parry Group, SCISCO.

FUTURE DATES

#### been fully agreed, and a further announcement is expected in the next month: Muichead Data Communi-

subsidiary

cations. a manufacturer of facsimile transmission equipment, formed about one-third of Mnirhead plc which was acquired by RHP for £15m last Mr Jim Salmon, managing director of Crosfield, said that Muirbead Data Communications incurred a loss last year on turnover of about £11m, but was

projected to break-even in the current year. "We already own a sub-stantial international natwork, stantial international natwork, so we can achieve economies of scale by integrating Muirhead," said Mr Salmon Crosfield, which to March 31 1985 made pre-tax profits of £9.5m on turnover of £114m, will also acquire Muirhead's Canadian software spheidiary

April 28
April 29
April 29
April 30
Msy 12

June 20
April 30
Msy 1
Msy 2
Msy 2
April 28
April 28
Msy 2
Msy 2
Msy 2
Msy 13
Msy 13
Msy 13
Msy 13

# Lawson Mardon Group Limited

has sold

**Cundell Holdings Limited** 

**Cundell Industries Limited** 

through a management buyout

We acted as financial adviser to Lawson Mardon Group in this transaction and assisted in the negotiations

Merrill Lynch Capital Markets

April 1986

. DIAIDEN	D5	ANNOU	MCE	ָּט		
Allied Londonint	0.18	July 4	+0.16	<b>—</b> .	1.4	
Edinburgh Inv	2	July 1	1.75	3.3	2.85	
Folkes Gronp		July 1	0.95	1.4	1.3	
Henara		June 6	2.1	2.83	2.8	
Hoggett‡int		July 1	0.5		1.5	
Jitra Rubber		May 30	0.55	0.7	0.55	
Klark-Tekniklnt		May	_ `	_	0.6	,
S. Lylesint		June 2	2.5	_	5.5	
Microlease‡		_	2	4	3	
Morgan Crucible		June 27	4.3	· 8.5·	8	•
Scottish Met Prop int		Ang 15	1.7		4	
Snowdon & Bridge:		June 23		. 1	nll	
Television Services		Juna 9	1	2	1.5	
Trovic & Arnold		_	5.97	8.52	7 92	

Dividends shown in pence per share except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

NOTICE OF REDEMPTION US\$100,000,000

MANUFACTURERS HANOVER **OVERSEAS CAPITAL** CORPORATION

Guaranteed Floating Rate Notes due 1994

NOTICE IS HEREBY GIVEN to the holders of the above outstanding notes that pursuant to the provisions of section 5(c) of the Fiscal Agency Agreement, the Issuer intends to redeem on 30th May, 1986 all of its outstanding Notes at a redemption price equal to 100% of the principal amount thereof plus accrued interest of US\$20.54 for each US\$1,000

principal amount.

Payments will be made on or after 30th May, 1986 against presentation and surrendec of Notes with response due 30th May, 1986 at any of the following offices: Manufacturers Hanover Limited, 7 Princes Street, London EC2P-2EN; Manufacturers Hanover Bank/Beigium S.A./N.V., 13 Rue da Ligne, B-1000 Brussels: Banque Natiooale de Paris, 16 Boulevard des Italiens, Paris 75450: Manufacturers Hanover Trust Company, Bockenhelmer Landstrasse 51-53, Frankfurt AM Main; Manufacturers Hanover Trust Company, Stockerstrasse, 33, Zurich; Manufacturers Hanover Trust Company, Corporate Trust Department, 600 Fifth Avenue, New York, N.Y. 19820. Interest will cease to accrue on the said Notes as from 30th May. 1986. Holders of the Notes have the right 10 convert such Notes to the Issuer's 8% Guaranteed Debentures dua 1994 through the close of husiness on 30th May. 1986.

MANUFACTURERS HANOVER LIMITED

# Granville & Co. Limited

Member of The National Association of Security Resters and Investment Managers 6 Lovar Lane London EC3R 8BP Telephone 01-621 1212-

Fiscal and Principal Paying Agent

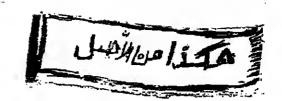
22nd April, 1986

Resignations

in wake

of Imps

takeover



# Bentalls rejects Capco approach

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Capital & Counties, the UK property development and investment group owned by Liberty Life Association of South Africa, is considering making a hid foc Bentalls, the publicity-quoted department store group.

Capco sald yesterday it had made an approach to Bentalls and to certain trustee share-bolders which could result in an offer at a price "close to the current market price." Before announcement, shares in Bentalls stood at 171p but news of the approach sent them soaring 37p to close at 208p.

The approach was almost immediately rejected by the board of Bentalls, which said it was "both unsolicited and unwelcome." Capco said, however, that it had received indications that some beneficiaries of Bentall trusts would be in favour of accepting an offer.

The Capco initiative follows its recent failure to win the chance to co-operate with Bentalls in the redevelopment of the store group's flagship store at Kingston upon Thames. It

the store group's flagship store was in the best interests of all at Kingston upon Thames. It shareholders and employees.

#### Restructuring benefits give Folkes 31% rise

BENEFITS OF rationalisation and disposals are working strategy through the 1980s has been to reduce reliance on enin 1985 pre-tax profit has shown an increase of 31 per cent, from a restated £1,64m to £2,15m on a turnover down from £68.46m to £62.26m.

Mc Constantine Folkes, the chairman, says the results were chairman, says the results were achieved despite fiercely com. Mc Constantine Folkes, the chairman, says the results were achieved despite fiercely competitive conditions in the engineering and services divisions, where the group is continuing with restructuring measores for its long-term henefit.

Earnings in the year came to 4.2p (3.21p) and a final dividend of 1.05p gives a total of 1.4p net, against 1.3p.

Comment
In recent munths the activities of the engineering "yuppies," like Evered and Tomkins, have taught the City that there is more the engineering than metal bashing and bending. But there is nothing yuppyish about the Folkes Group. Like most of the

#### **GKN** calls off Firth Cleveland Strip sale

Guest Reen and Nettlefolds Guest Reen and Netherlands has abandoned the proposed sale of its Firth Cleveland Strip subaldiary to Cope Allman which would have merged the two largest UK producers of hardened and tempered steel.

The amsouncement yesterday follows last month's decision by the Secretary of State for

follows last month's decision by the Secretary of State for Trade and Industry to accept the recommendation of the Office of Fair Trading and refer the deal to the Monopolies Commission.

That decision surprised and annoyed both companies, which said a merged business would increase its competitive strength in the face of large European and US producers. GEN and Cope Allman, the engineering and fruit machine manufacturing group, said Firth Cleveland had been in a state of uncertainty for a Firth Cleveland had been in a state of uncertainty for a year—its proposed sale to Tomkins last year was also aborted. They thought it best not to inflict another six months of that on the business and its customers during a Monopolies Commission investigation.

tigation.
GEN however will continue to look for a purchaser for Firth Cleveland which is on the periphery of GKN's activities. It has been making a small profit on a turnover of almost flom and Cope Allman had offered f4m for the business.

Firth Cleveland has more

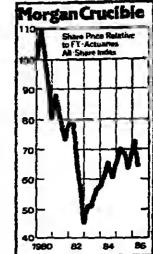
Firth Cleveland has more than half of the UK market for hardened and tempered stel produced mainly foe hand tool and saw manufacturers. Cope Allman says its J. B. and S. Lees special steels subsidiary which would have been merged with the Firth Cleveland business has about 10 per cent of this market. J. B. and S. Lees also makes other products like carbon steels and has a substantial export market in the US.

The Monopolies Commis-

The Menopelies Commission in 1984 blocked GKN's

# Morgan Crucible ahead of forecast with £18.7m

Morgan Crucible Company lifted 1985 pretax profits its 71 with both orders and sales significantly above last year's graine of the First Castle and Morgan electronics of \$18.7m. This beat the forecast of \$18.7m. Stated for expansion in the full be a great to \$18.7m. Stated from \$18.9m. Stated for expansion in the full be a great the \$18.7m. This beat the forecast of \$17.1m. Thi



Morrison.

Hanson Trust yesterday coo-

Television Services International, a USM-quoted film and that the group is now in a stronger position and is able to take advantage of the reorsal trading conditions. Microlease profits is by \$2 per cent to \$250,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the result would have topped the £1mm mark were it not for a £200,000 in 1885, and the directors

sion in 1984 blocked GKN's proposed acquisition of Antomotive Enginering which would have resulted in some rationalisation of vehicle component manufacture.

GKN repeated yesterday that merging Firth Cleveland with J. B. and S. Lees would have made sense within the Enropean market.

# in Lite: nnovations create record growth

# Polymark edges back into the black

On lower turnovec of £20.93m

明のは またば ないなか 湯を添く

Polyment and agricultural equipment and technographics group, showed a profit in 1985—the first in three years. At the pretax level, a profit of £8,000 company losses took £53,000.

On lower turnovec of £20,93m

Total agricultural equipment and technographics group, showed a profit in 1985—the first in three years. At the pretax level, a profit of £8,000 company losses took £53,000.

On lower turnovec of £20,93m

Total agricultural equipment and technographics division property. A share of related company losses took £53,000.

The technographics division incurred increased losses of £281,000 (£8,000), although controlled to the property. A share of related company losses took £53,000.

On lower turnovec of £20.93m (£24.03m) profits before exceptional ltems increased from £77.000 to £131,000. The directors say prospects are better than for several years.

Exceptional charges accounted Following a restructuring and product rationalisation profit actions from £382,000 profit improvement to £382,000 than for several years.

Following a restructuring and product rationalisation profit improvement to £382,000 than for several years.

virtually all of these were sus-tained in the first half following a substantial decline in demand Group losses per 10p share decreased from 9.13p to 4.52p— no ordinary dividends have been paid since 1981.

comment

Polymark has been a potential recovery stock for three years now but at last there ace signs that its reconstruction could pay off. If, as seems likely, the laundry divisions' profits are at least maintained, there is scope for significant growth through a sharp reduction of losses in the agricultural division and a nositive contribution from positive contribution from technographics, which turned technographics, which turned luto profit in last year's final quarter. The problem for the ordinary shareholders is that with around £750,000 in divideods now owing on the preference shares, it is likely to be a long time before they see any of the earnings themselves. There is always the hope that the preference shareholders will waive their dividends to help finance the company's rewill wante their company's re-covery, but at 17p the shares ace already discouoting the more obvious prospects.

Scottish Metropolitan SCOTTISH METROPOLITAN Property, property owning investment company, iocreased its pre-tax profits from £3.3m to £3.32m in the six months to February 15 1988. Net revenue from properties was £4.09m compared with £3.84m. compared with £3.84m.
Administration expenses were £371,338 (£343,458). After tax of £1.21m (£1.22m) and dividends of £1.75m (£1.65m) retained profits transferred to reserves were £355,727 reserves were £355,727 (£431,974). The interim dividend is increased from 1.7p to 1.8p net, and stated earnings per shace were 2.17p (2.15p).

From the statement by the Chairman,

#### Peter Grant "SUN LIFE HAS CONTINUED TO GO ONWARD AND UPWARD"

**Profits** 

"Post tax profits for shareholders have risen to £14.1 million from £11.7 million last year."

Dividends

.. a total of 23.74 pence per share for the full year. That is an increase of 20% over last year's dividend, thus maintaining our outstanding growth record"

Record new business

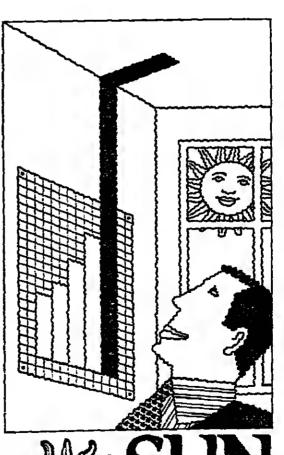
"We took on record levels of new business and now manage more than £3.75 billion for our customers. The big expansion in our newspaper advertising and direct mailing played a large part in enabling us to write some 100,000 new contracts,..."

Legislation

"We at Sun Life welcome plans to protect savers and investors through a system of self regulation where experts in the business police themselves, within a tight legislative framework."

A BUSINESS ON THE MOVE

Sun Life's continuing record of success is based on three central aims: providing first-class investment expertise, constantly developing skills and products, and remaining committed to the highest standards of performance and service.



From the Review of Operations.

#### "AN EXTREMELY BUSY AND RECORD BREAKING YEAR"

"New annual premium income was up by 25% to £58.5 million... The executive and self-employed pension markets were a particular success, with new annual premiums rising to £24.8 million, almost half as much again as in the past year, and single premiums up by 22% to £62 million."

Pensions successes

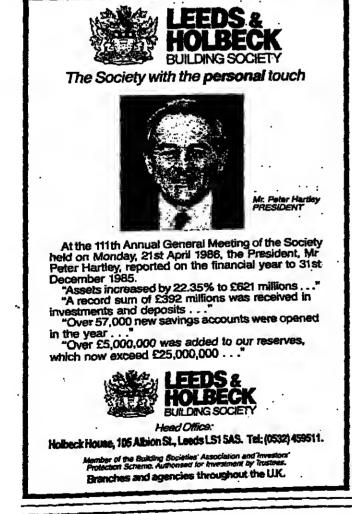
... our expertise in both pension sales and administrative backing ensured that we were able to go on obtaining higher levels of business in the rest of the year, a feat many other insurers were not able to match."

Unit trust success

"Another success last year was the launch of Sun Life Trust Management Limited, ... The funds have had an excellent performance record and business has continued to flow in very satisfactorily ... "

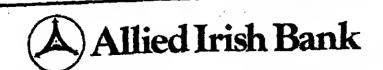
For a copy of the 1985 Report and Accounts of one of Britain's most consistently successful life and pensions offices, please contact Factline, 01-606 7788, or write to: John Lamb. Sun Life Assurance Society plc, 107 Cheapside, London EC2V 6DU.

A major force in British Life for over 175 years AEI



# Interest Rate Change

Allied Irish Banks plc announces that with effect from close of business on 21st April, 1986, its Base Rate was decreased from 11% to 101% p.a.



- Britain: 64/66 Coleman Street, London EC2R 5AL. Tel: 01-588 0691 Head Office and branches throughout the country.

# **UK COMPANY NEWS**

#### **Pineapple** cuts loss to £68,000 midterm

Pineapple Dance Studios has cut its loss from £197,000 to £68,000, in the half-year to January 31, 1986 and expects the recovery to continue through the second six through months.

The group operates dance centres in the UK and US. designs dance, leisure and footwear for sale through retail and wholesale ontiets. It came to the USM in November 1982 and has made annual profits of £156,000 and £209,000, but finished with a loss of £214,000 last year and

to significant improvements in quality and gross margins, the full impact being seen in the latter part of the financial

In January a third licensing agreement was concluded with Craven House Marketing. A meal replacement drink was launched and early market acceptance is enconr-

Pineapple Design Centre has produced new ranges for the Antumn season, and is working on its instial two ont-house design contracts.

Pineapple clothes and foot-wear have been reported on in a number of leading American magazines, resulting in early discussions with four departmental groups for

their sale.

Memhership of the dance centres runs ahead of last year, the directors report. year, the directors report, Turnover in the half year came to £1.47m (£1.2m). Per share the loss was equal to 1.86p (5.38p).

S. Lyles ahead

Improved margins has enabled S. Lyles, carpet spinners and dyers, to lift its pre-tax profit from £214,000 to £260,000 in the half-year ended December 31 1985. Sales fell 8 per cent to £7.48m. Earnings come to 3.83m. (2.81p) and the interim dividend is lifted to 2.75p net (2.5p) per share.

Unit sales in the main bave been satisfactory, but some 50 per cent of sales come from

North America. The group makes advanced sound equip-

ment for radio, television, film and recording studios.
With the decline in the

dollar, group results for the

full year ending July 1986 are expected to fall somewhat below the £1.4m of last year. Although the second half will

benefit from two new products and the contribution from Dearden Davies Associates (maker of sound mixing con-

soles bought in Fehruary), as

**51%** rise

**Bowers** 

for Hoggett

Klark-Teknik hit by

depreciating dollar

depreciation of the US dollar, division which is introducing a division which is division which is division which is division which is division which is division which is division which is d

day.

single 0.6p.

Travis & Arnold off £1.4m but optimistic for 1986

year there would be an improved trading pattern with hrighter prospects for 1988.

They still feel that prospects for the current year are encouraging, in spite of the weather. Lower interest rates should stimulate the housing markets and the outlets of Kennedy's (Builders' Merchants)—acquired for a total £14m cash last June—are now trading with the same stocking and marketing policies as the group's other depots.

missed the dividend.

The directors say that a review in the UK of the group's merchandise will lead other depots.

• comment

PROFITS AT Travis & nedy's have been extensively reproducted by the builders' and plumbers merchant and timber importer, fell further in the second half of 1985, leaving the full year's pre-tax profit down from £9.63m to £8.24m.

At the halfway marks the shortfall was of the order of flm but the directors said they, hope that by the end of the year there would be an improved trading pattern with hrighter prospects for 1986.

They still feel that prospects for the current year are encouraging, in spite of the weather. Lower interest rates should stimulate the housing markets and the outlets of Kennedy's (Builders' Merchants) —

Take have heen extensively reconstruction of a competitive construction of a competitive construction of a competitive construction of a competitive construction of a competitive the opening months of 1985. The changes were completed by the opening months of 1985. The construction of a competitive construction of a competitive mortgage market and dwindling interest rates should stimulate the housing market and investment income was an almost all its prometry sector.

The changes were completed by the opening months of 1985 and the opening months of 1985. The combination of a competitive constant of the opening months of 198 to this year's profits. Licking Kennedy into shape will be the management's main priority in 1986 and the company plans to blde its time before making any nedy's (Builders' Merchants) —

local required for a total fil4m cash ast June — are now trading at time in 1985 and Travis & other major acquisitions. The time in 1985 and Travis & other major acquisitions. The time in 1985 and Travis & other major acquisitions. The time in 1985 and Travis & other major acquisitions. The time in 1985 and the company black at time before making any other major acquisitions. The company bas always heen a company plans at time before making any other major acquisitions. The company plans at time before making any other major acquisitions. The company plans at time before making any plans at time before making any plans at time before making any other major acquisitions. The company plans at time before making any other major acquisitions. The company plans at time before making any other major acquisitions. The company bas always heen a creation policies as the group's the company bas always heen a company plans at time before making any other major acquisitions. The company bas always heen a creation producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market favourite and reduced producing a p/e of 11 market

## Snowdon & Bridge beats forecast

Snowdon & Bridge, the Salford improve with a greater based wholesale distributor to the catering trade, which joined non-food sales. the catering trade, which joined the Unlisted Securities Market last November, has exceeded the placing forecast for profits of not less than £850,000.

For the year to end January 1986, profits advanced by 29 per cent to a record £909,768 compared with £703,511. Turnover rose by 6 per cent from £20.57m to £21.85m.

As also forecast at the time of the placing, the board is recommending a dividend of 1p net. Stated earnings per share were 9.18p against 6.39p. Mr Bill Pinnington, the chair-man, says trading in the current financial year is not easy or huoyant, with sales just ahead of last year. However, the group's sales mix continues to

SWINDON PRIVATE Hospital reports turnover £816,000 (£575,000) and profit £24,000 (loss £78,000) for half year ended January 31 1986. Directors feel there is significant potential for further growth as Swindon is one of fastest-growing urban areas in Europe.

permitting a stronger commit ment to the design of new pro-ducts, a full year's benefit from

DDA and the acoustics division

After tax £190,000. (£259,000 plus minorities £22,000) the net

profit for the half year cama to £261,000 (£359,000) for earn-

ings of 1.8p par share (2.5p). An interim dividend of 0.4p

is declared costing £58,000; for 1934-85 tha company paid a

The group came to the USM in October 1984 at 85p per share: yesterday the shares closed at 78p, up 5p on the

# improve with a greater emphasis on more profitable non-food sales. He says talks are currently being beld with two private companies, and he is bopeful of the ing able to announce an acquisition very soon. In the meantine, the group's latest acquisition. Advisory up from £11,690 to £37,105. Tax cleaning Centre, has now been completely reorganised. The three properties in Stockport previously occupied by this at £499,554 compared with company are to be sold. The Scottish Metropolitan

Property PLC

Interim Statement Net Revenue from Properties Other Income: 514 £4,086,372

276,383 Interest Paid and Admin. Expenses 1133,039. 3.298.846 1,212,520 Taxation : 1,217,336 Available for Dividend 2,102,576 2,081,510 Dividend — Interim Carried to Reserves Earnings per share 1,746,849 1,649,536.

355,727 2.17p

431,974

The Directors have declared an increased anterior dividend of 1.8p per share (1985—1.7p per share) on an issued share capital of E19/03/430(1985—189/403/93) and part that they will be able to recommend an increase in the rate of final dividend for the year ending 15th Abgust 1986.

bank leumi (uk) plc

Bank Leumi (UK) plc announces that

Interest Rates

# Svenska Handelsbanken

GUINNESS BREWING WORLDWIDE LTD.

Once more, for the world's most distinctive beer,

a most distinctive honour.

THE QUEEN'S AWARD FOR

**EXPORT ACHIEVEMENT** 

US\$ 100,000,000 12%% Notes 1989

NOTICE IS HEREBY GIVEN that pursuant to Condition 4(h) of the Notes, US\$ 5,000,000 principal amount of the Notes has been drawn for redemption on 22nd May 1986, at the redemption price of 101% of the principal

amount, together with accrued interest to 22nd May 1986. The serial numbers of the Notes drawn for redemption are as follows:-

THE QUEEN'S AWARD FOR

**EXPORT ACHIEVEMENT** 

13	1190	2335	3124	4047	4940	6057	7219	8073	9110	10778	10997	17088	13080	14105	1.4000	15876	16847	17886	12032	
45	1201	2341	3131	4064	4950	6091	7225	8080										17913		
92	1224	2347	3133	4082	4997	6109	7247	8088										17934		
106	1237	2358	3156	4106	5023	6123	7248	8118										17937		
120	1246	2365	3162	4119	5031	6202	7250	8171	9769	10360	11030	12170	13159	14166	14990	15055	16878	17943	19017	
162	1254	2382	3169	4123	5038	6211	7316	8187										17977		
231	1287	2402	3185	4163	5056	6214	7317	8193										17995		
244	1304	2425	3200	4167	5065	6235	7322	8203										18079		
252	1309	2427	3215	4231	5083	6237	7348	8204										18097		
317	1317	2430	3218	4236	5091	6253	7353	8207	9409	10397	11213	12271	13190	14318	15053	16109	16979	18166	19132	
331	1344	2466	3247	4250	5098	62.58	7393	8218	9434	10414	11344	12280	13192	14330	15065	16113	17056	18173	19154	
338	1373	2474	3250	4257	5121	6325	7421	8219	9477	10428	11246	12297	13209	14345	15077	16127	17073	18214	19167	
344	1380	2532	3264	4275	5129	6329	7430	8252										18226		
403	1387	2534	3286	4358	5142	6366	7436	8270										18264		
414	1397	2556	3309	4360	5173	6374	7439	8303										18319		
417	1413	2593	3318	4362	5193	6375	7440	8317										18330		
443	1487	2601	3356	4376	5208	6385	7460	8391	9600	10514	11322	12431	13331	14422	15187	16181	17191	18354	19269	
449	1509	2609	3363	4379	5213	6391	7515	8438	9606	10536	11407	12442	13361	14+59	15193	16191	17201	18390	19289	
461	1513	2620	3446	4402	5217	6406	7555	8441	9622	10575	11435	12469	13379	14464	15196	16194	17208	18406	19332	
466	1563	2697	3454	4426	5249	6423	7566	8493	9623	10594	11439	12493	13409	14507	15213	16196	17226	18429	19345	
505	1574	2709	3472	4432	5280	6461	7597	8499	9632	10651	[146]	12496	13423	14541	15253	16207	17230	18472	19346	
530	1705	2736	3473	4485	5322	6465	7599	8513	9638	10653	11493	12516	13428	14549	15275	16237	17251	18487	19348	
534	1707	2746	3481	4487	5349	6497	7634	8515										18488		
540	1708	2778	3504	4504	5351	6540	7636	858 <b>0</b>	9667	10674	11546	12552	13457	14605	15313	16272	17255	18503	19420	
545	1758	2794	3521	4517	5364	6557	7638	8583										18528		
546	1799	2814	3522	<b>4530</b>	5374	6565	7687	8584	9687	10692	11585	10596	13484	14621	15398	16328	17267	18543	19456	
603	1822	2824	3567	4545	5381	6599	7695	8608	9706	10705	11599	12601	13485	14664	15419	16335	17279	18561	19496	
607	1844	2828	3.582	4551	5404	6604	7712	8655										18593		
630	1873	2831	3603	4574	5433	6610	7729	8679										18601		
648	1918	2833	3657	4595	5529	6689	7754	8687										18605		
657	1977	2851	3673	4631	5539	6709	7790	8702										18631		
670	1995	2858	3679	4644	5568	6731	7795	8724										18654		
756	2027	2859	3715	4661	5595	6773	7799	8759										18660		
773	2046	2862	3721	4669 4675	5617 5691	6774 6798	7830	8786 8864										18667		
788	2072	2865	3727	4683	5701	6831	7847 7868											18670		
796	2074	2895 2900	3771 3777	4689	5725	6874	7873	8874 8909										18687		
804	2081 2084	2908	3849	4705	5747	6885	7893		10028									18693		
822	2099	2944	3850	4760	5816	6902	7905	8017	10032	10032	11029	17602	13900	14//8	15650	14601	17501	10707	19719	
925 928	2114	2971	3859	4772	5823	6910	7922		10037											
942	2120	2976	3889	4807	5836	6945	7938		10040											
	2144	2978	3917	4818	5844	6977	7947		10060											
944	2160	2980	3918	4834	5862	6992	7957		10075											
96X	2227	3042	3929	4843	5889	7001	7961		10138											
983 1005	2228	3066	3954	4858	5918	7014	7981		10143											
1044	2250	3073	4000	4860	5953	7029	7985		10149											
	2263	3075	4023	4887	5959	7030	7988													
1047	2271	3080	4023	4898	5968	7092	8036		10163											
1078	2273	3085	4029	4918	5980	7146	8046		10185											
1096		3098		4922	6006	7153	8069		10215											
1136	2298	2030	4035	4722	0000	/133	9003	<del>3</del> U8/	10226	10300	12082	13046	14098	14906	1 2828	10977	1 /901	16734	17967	

On the 22nd May 1986, the said redemption price will become due and payable upon each Note to be redeemed. tngether with accrued interest from 20th February 1986 to 22nd May 1986 amounting to USS 158.13 per USS 5.000 Note. On and after that date, interest on the said drawn Notes will cease to accrue.

Payment of the Notes to be redeemed will be made on or after 22nd May 1986 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned thereon.

Bankers Trust Company, London

Agent Bank

22nd April 1986

# 20% higher in first half

Hoggett Bowers, a USM-quoted company specialising in management head-hunting, saw its shares rise resterday on the announcement of a 51 per cent increase in interim taxable profits and an optimistic outlook for the rest of the year. The company's shares closed at 80p, up 3p on the day.

The result for the six months to February 28 1986 was £462,000 against a comparable

Allied London

Allied London Properties increased pre-tax profits by 20 per cent from £1.2m to £1.44m in the six months to December 31 1985 and the company expects an increase in full year figures over the previous £3.14m. Income from investment properties rose to £2.7m (£2.15m), while trading profits reached £1.7m (£1.47m). Other income added £49.000 (£31.000), hut administration expenses took £1.52m (£1.38m) and interest payable £1.49m (£1.07m).

£462,000 against a comparable £306,000, on turnover of £3.03m (£2.48m). The chairman, Mr. J. R. Featherstone, says that, assuming present market conditions continue, he is confident of another record year.

With earnings per share up from 1.3p to 2.1p, the interim dividend is raised from 0.5p to 0.625p. Last time the total came to 1.5p.

£1.52m (£1.38m) and interest payable £1.49m (£1.07m).

Stated earnings per share were 2.85p (adjusted 2.29p) fully diluted. The interim dividend is an equivalent 0.1613p.

Tax charge was £265,000 (£228,000) and there was also an extraordinary debit of £230,000 this time.

#### with effect from the close of business 21st April, 1986 its base rate for lending

is 10½% per annum.

בבק לאומי imik leumi

#### THE MITSUI BANK, LIMITED US\$25,000,000

ng Rate Certificates of Deposit issued 28th May 1982 Maturity 29th May 1987 (Callable May 1986)

Notice is hereby given in accordance with Clause-3 of the Certificates of Deposit (the Certificates) that The Missal Banky United will prepay all of the outstanding Certificates on 30th May 1986, at the prepayment of the principal amount together, with accrued interest will be made on the prepayment date against presentation and surrender of the Certificates at the London Office of The Missal Banks, Imited, 34–35 King Street, London ECZV 885. Interest will cease to accrue on the Certificates on the prepayment date.

EBC Amro Bank Limiter Agent Bank

#### ÖSTERREICHISCHE INVESTITIONSKREDIT AKTIENGESELLSCHAFT

Vienna

DM 50.000.000

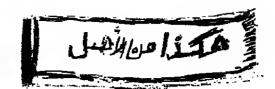
6% Deutsche Mark Notes of 1986/1992

DG BANK Deutsche Genossenschaftsbank

Genossenschaftliche Zentralbank AG - Vienna

und Frankfurter Bank

April 1986



# Laporfe

# ANOTHER RECORD YEAR

PROFIT £55.8m (1984: £47.5m)

# GROWTH CONTINUES

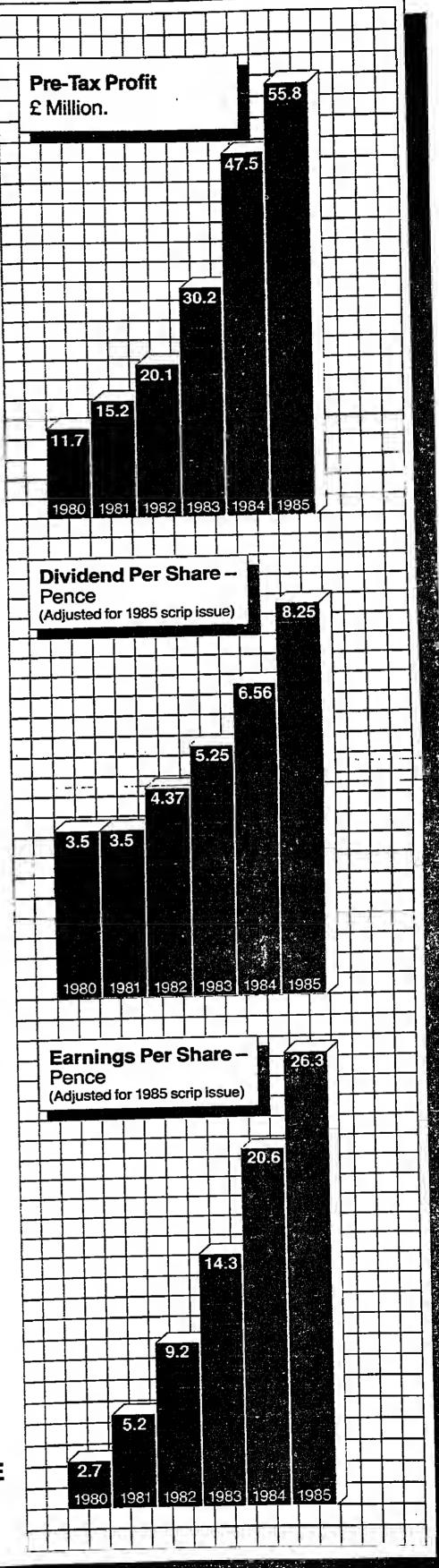
- Further significant business expansion
- Capital expenditure £27m
- Expenditure on acquisitions £39m
- Capital expenditure by principal Interox companies £35m
- Dividend up 25% to 8.25p.
- Profits have increased nearly five times and earnings per share ten times since 1980

R. M. Ringwald, CBE, Chairman.



SERVING PEOPLE
THROUGH CHEMISTRY

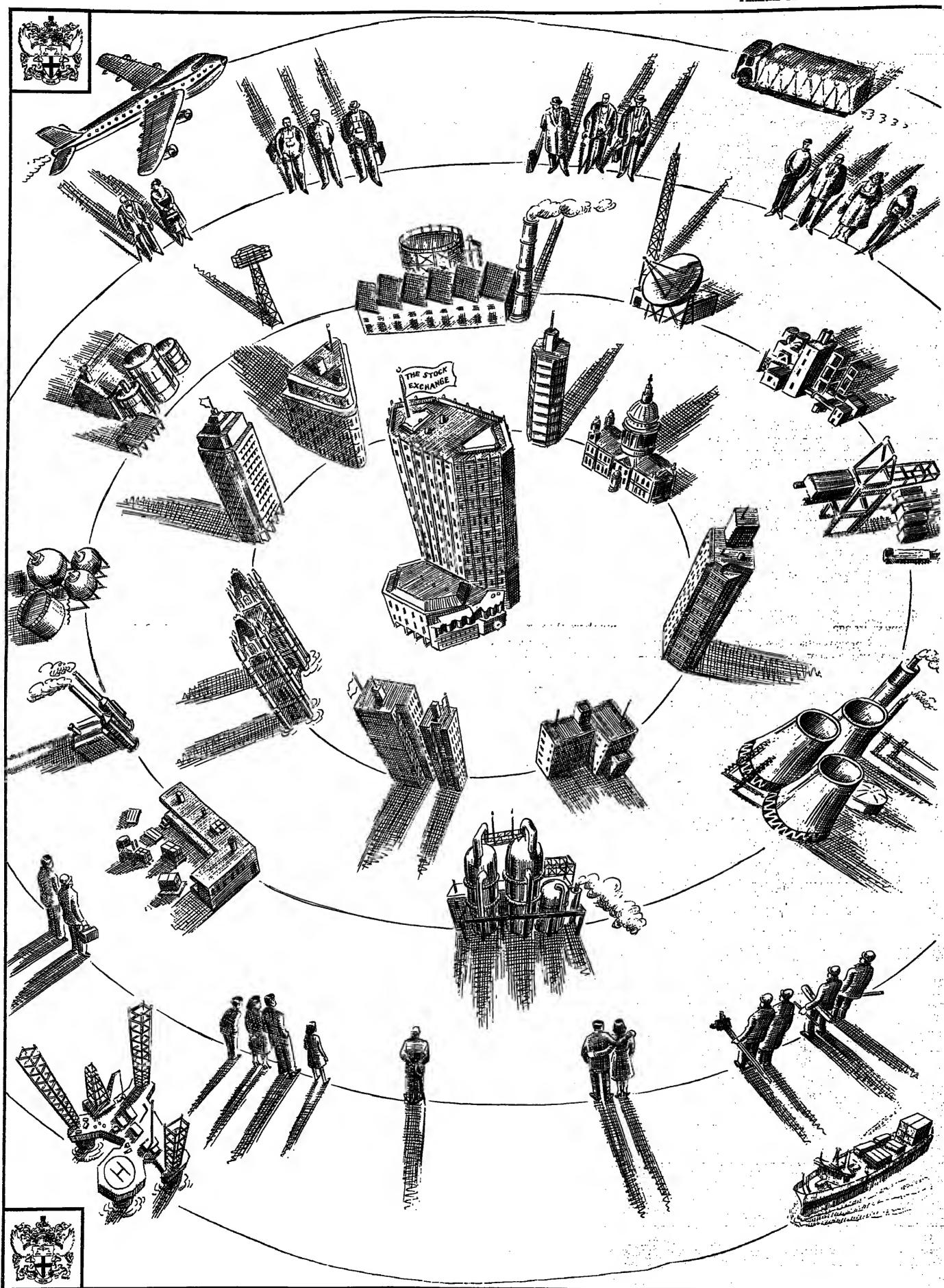
SPECIALIST CHEMICALS AND RELATED SERVICES – WORLDWIDE Laporte Industries (Holdings) PLC, Hanover House, 14 Hanover Square, London W1R 0BE.



XXII WEEKBAH ET

Extraction and the Extraction Ext

SOUTH SOUTH



# It's not just The Stock Exchange which faces immense

The Stock Exchange exists for only one reason.

It is a market.

Where industry can raise the money it needs, flexibly and efficiently.

And where people can invest their savings, whether directly or through institutions acting on their behalf.

The purpose of The Stock Exchange has not changed for centuries: but the way it is organised has,

This year, a number of very important changes are taking place within a short period of time.

They have attracted much attention. A new phrase - the "Big Bang" - has been coined to describe them.

But the fact is that they represent not so much a sudden and explosive revolution, as the latest stage in a process of change and development which began many years ago.

A process which, taken as a whole, is designed to make The Stock Exchange a very much more open market.

More open to investors, both in Britain and overseas, to buy and sell shares easily and on competitive terms.

More open to industry, to find ready and appropriate sources of funds.

And more open to new members, because The Stock Exchange is now in a position to expand very greatly in size.

## The reasons for change

There are two main reasons for this process of change. The first is the huge and fast growth in the capabilities of information technology.

Distance has shrunk. People all over the world can be in touch with each other in an instant. Work processes have been vastly accelerated.

Despite the substantial costs, The Stock Exchange has consistently invested in computer systems, and has now undertaken its largest investment yet - in a screen-based dealing system which will effectively bring the entire floor of The Stock Exchange to the desk of every broker in the country.

Such a system not only offers faster, more efficient and less expensive dealing, but also removes at a stroke the physical limitation on the size and location of the market.

The second reason is that national boundaries have become less important to the securities industry. Exchange controls no longer exist in the UK.

Institutions in the USA, Japan, UK and elsewhere have become more willing, and more able, to seek investment opportunities beyond their domestic markets: and in the same way, industry has become more willing, and more able, to look overseas for sources of funds - especially to the Euromarkets.

In short, the trend is leading towards the inter-

nationalisation of the securities industry.

It's a trend which presents great opportunities.

The Stock Exchange itself is, literally, in the right place, at the right time, to consolidate and develop its position as one of the world's most important and active exchanges, together with those in Tokyo and New York.

The benefits of the resulting changes are by no means confined to The Stock Exchange.

For individual investors, there is the prospect of a very much more accessible market - where there are brokers with the resources to deal for them, on the spot and without difficulty, in even the smallest numbers of shares.

For institutional investors, there is the prospect of buying and selling shares for their clients at reduced cost - and, before long, as computer links make connections between the London Stock Exchange and exchanges overseas, of trading in securities 24 hours a day, around the world.

For industry, the new market will be better equipped than ever to meet its demands for capital.

But for the country as a whole, the opportunities are greater still: because The Stock Exchange will be better able to play its part in the development of London as a world financial centre - a centre whose success depends upon the success of its major institutions.

All of these opportunities will flow from the changes which have already been made at The Stock Exchange, and the changes now being planned.

Consider them in turn.

#### What has been done

A basic readiness to initiate change, and a willingness to respond to commercial pressures, has already made far-reaching and fundamental measures possible.

To summarise only a few: in the last ten years The Stock Exchange has reformed its administration and its disciplinary procedures; it has introduced two new markets (the USM, to meet the capital needs of smaller businesses, and the traded options market. to enable investors to lay off risk); it has invested in a fully computerised settlement system and a new market price information system, TOPIC; and it has changed its rules of membership to allow outside ownership of Stock Exchange member firms and to allow new members to join The Stock Exchange in their own right.

Yet during this remarkable time of change. even more remarkable has been the commitment to some unchanging values.

Notably, the obligation to use the full force of

The Stock Exchange's regulatory powers in the interests of investors.

It is a commitment which will remain, as the pace of change quickens through the course of this year and beyond.

#### What remains to be done

The next stages in The Stock Exchange's continuum of change are of the very greatest significance.

Later this year will come the developments generally known as the "Big Bang" - the move to a screen-based dealing system, and the abolition of brokers' minimum commissions.

At present, The Stock Exchange is engaged in the building of a completely new electronic market place, SEAQ, which will include not only the display of market information, but also a complete recording of all trading done on The Stock Exchange. A system for overseas securities, SEAQ International, is already in place.

At the same time, the settlement system is being overhauled, expanded and updated.

A new system is planned to handle the fully automatic execution of small bargains which will help cut costs for private investors: and another will facilitate the trading of large blocks of shares.

It is an ambitious and expensive programme: but it is fundamental to The Stock Exchange's future competitiveness.

So too is the work in progress to manage change in the field of regulation.

The new market will require new techniques of surveillance and policing. The Stock Exchange must not only plan the development of its own procedures, but also engage in the debate to do with the Financial Services Bill, which will define the boundaries between statutory and non-statutory regulation.

Further plans under consideration will tackle the question of dealing in wholly unlisted securities, and the growth potential in the traded options market.

And finally, change is by no means confined to the trading floor of the exchange. On the upper floors too, where the governing council meets, reforms will be made in order to satisfy both the aspirations of new members, and the legitimate concerns of existing members.

Every one of these many developments is running to its timetable. The signs are that a fine balance between evolution and revolution will be achieved, and that the new market will offer new levels of competitiveness and flexibility, with no loss of order and regulation.

Naturally, this is good news for The Stock Exchange.

But, as this advertisement has sought to show, it is also good news for London, for industry, and the country as a whole.

# STOCK EXCHANGE

London - Belfast - Birmingham - Bristol - Dublin - Glasgow - Liverpool - Manchester



27



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150 degrees C in only 20

The kraft process poses a number of problems which can he traced to the difficult-to-handle chemicals it requires. The pulping method involves cooking the wood chips with sodium hydroxide (caustic soda) and sodium sulphide, As the sulphus halps to dissolve

the aulphur helps to dissolve the lignin, the wood fibres are freed and are collected as pulp. The spent chemicals are then

hurned, producing a rotten-egg-like smell and releasing sulphur into the atmosphere. Although

slow in coming, new laws to control acid rain could put the

minutes

# Pulp without pollution

BY A SPECIAL CORRESPONDENT

intensive consumer of trees, is set to benefit from a new sulphur-free pulping technique that promises to increase productivity, lower energy costs and virtually eliminate pollution problems. tion problems.

ind virtually eliminate pollu-ion prohlems.

The advance, duhbed ester-bulping, came as a result of work hy Tim Young, a student it the University of Wisconsin in Madison. While employed as a part-time lah assistant he was pulping, came as a result of work hy Tim Young, a student at the University of Wisconsin in Madison. While employed as

perplexing wood chemists for years. How to hreak down lignin the glue that holds wood fibrea together. When released, fibres and lignin make up the mushy "pulp" used to produce

paper.

Most woods cootain about 70 to 75 per cent fibre with the balance being lignin and sugars.

The highest theoretical yield is therefore about 70 to 75 per

THE paper industry, an energy are dominated by the kraft and

a part-time lah assistant he was testing two pulping solutions and atruck upon the idea of combining the two.

He had stumbled on a solution to a problem that has heen perplaying wood chemists for technology and open the door. technology and open the door for the less expensive ester

Because the "cooking liquor" of the ester process works faster and at lower temperatures, it will also lower energy costs. To release a reasonable percentage of wood fibres the kraft process requires cooking wood chipa at about 170 degrees C for ahout two and a half ent.

hours. The ester process can kraft process at a significant Currently, paper industries produce a high quality pulp at economic disadvantage,

sulphur. Although it does not involve burning the cooking liquor, some of the pulping solvent is discharged into rivers where it causes water pollution.

In the last 20 years, aeveral new pulping solvents have heen proposed as replacements for the kraft and aulphite processes. Typically these processes use glycols, amines, ketones, phenol, and aliphatic alcohols. A method using ethel alcohols and water recently alcohols and water recently reached the pilot plant stage, hut still requires significant energy to recover the process

According to Baierl, all these processes fall abort in one way or another by costing too much, causing pollution, yielding poor pulp, and wasting chemicals due to recovery problems.

Ester-pulping, uses water and two common organic chemicals —ethyl acetate and acetic acid —and water for the cooking mixture. This mixture, or liquor, is easily split into its constituent chemicals simply hy shifting the concentration of the hasic chemicals. The cock-ing liquor aeparates into layars and the chemical can easily be recovered. Because chemical recovery accounts for significant costs in pulp nroduction, such ease of separation would lower production and energy costs.

According to the process's several developers, the ester process Japan and only solves tha chemical pressed recovery problem but even pro-

chemicals. While wood chips The other necessary chemical, ethyl acetate, can he made from acetic acid and ethanol produced by fermenting sugars left over from pulping. Ethanol, an exceptionally clean hurning fuel can be used to cook the pulp. Even if the left over sugars are not used to make ethanol, they can be discarded without severely polluting water.

Because it recycles chemicals and uses no sulphur compounds, ester pulping does not pollute the air. Minimal amounts of sugars and lignin may he discharged into the water, but much less then with coventional processes

The ester process also offers another henefit. Because it is a hetter lignin advent, it reduces the cooking liquor. As a result it produces a large amount of high quality lignin, containing no sulphur, which makes it a valuable wood glue for particle boards and plywood. At present, wood glue is manufactured from expensiva oil-derived chemicals.

chemicals.

Tim Young's father, a wood chemist, has teamed up with Baierl and Biodyne to seek a patent on the new ester process. Pulping plant operators from several countries, including Japan and Finland, have ex-pressed interest in the new

# **Text transfer: How** lower costs can be put on the line

BY GEOFFREY CHARLISH

widespread use since 1980 of personal computers and shared minicomputers in office systems has sharply increased the need for affordable automatic text reading systems, particularly in the publishing and legal worlds.

manuals, reports, conference papers and almilar documents on small optical disks that can be sent through the post is ha-ginning to look attractive. In addition, several organisations in Europe and the US are archiving material on optical

But transference from tho original paper documents be-comes a major cost whether the torage is optical or on conv. E tional magnetic disks. Until recently it meant extensive copy typing. Other areas with such text entry needs include type-setting, in-house publication departments, specialised data publishing and data entry bureaux.

Computers might work won-ders once they are provided with information, but in applications where the information come the degree of lignin hreakdown necessary for the lignin fragments to hecome soluable in the cooking liquor. As a result the first place is a problem. In the 1960s, \$1m machines were recognising a few characters per second hut their "brains" were such that the hanking industry for example, had to devise standard, specially modified characters that could be a standard of the characters are the could be standard. he read without error.

A system that will read a variety of ordinary type faces

on the same page at reasonable speed and low error rate is much more difficult to design.

Technically, there are two approaches. The simplest, but least versatile, is called template matching and is used for example, by a Californian company, Dest Corporation of Milpitas. Dest has been offering only \$2,500 to work specifically

widespread use since 1980 of personal computers and shared minicomputers in office systems has sharply increased the need for affordable automatic text reading systems, particularly in the publishing and legal worlds.

Laser recordings of books, manuals, reports, conference papers and almilar documents are small particularly disks that can be appeared to the line is focused on a long horizontal array of many photo-

the line is focused on a long, horizontal array of many photo-diodes (light sensitive devices) that electrically register the hlack to white transitions across the page width. As the line shifts, it successively examines the height of a line of type up to 32 times.

In this way, a single character



rather like a dot matrix printer.

gach tiny element in electronic form can then be com-pared, in a fraction of a aecond, approaches. The simplest, but least versatile, is called template matching and is used for example, by a Californian company, Dest Corporation of Milpitas. Dest has been offering machines in the \$6,000 to \$15,000 range but only a few character code and can be weeks ago announced a unit for only \$2,500 to work specifically

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them, hut machines are available that are pre-programmed to deal with one or two popular

type-faces.
More versatila hut somewhat More versatila but somewhat slower machines (one or two pages per minuta) have been developed by Kurzweil of Cambridge, Massachusatts, and just recently by Southdata, a London company. These machinea are mora dependent on computer software and work much more like the hyman brain than the

like the human hrain than the template units.

They look for generalised letter shape rather than a par-ticular type face construction, just as the human eye and hrain can see an "a" of any kind, not just an "a" in for example, the eight point Times Roman of this FT page.

No comparison with tem-plates takes place. Instead, the scanned data is examined in software which is able to say "Yes, this is an 'a' of some kind."

As well as sophisticated soft-ware, such systems require fast ware, such systems require fast processing and a good deal of storage. Before the "chip" achievements of the past decade, they would have been probibitively expensive. In the US, the Kurzweil 4000 system aeils for about \$55,000.

Kurzweil has several hundred theory in the US in head and

Kurzweil has several hundred users in the US, in legal and publishing houses and in bureaus which specialise in turning printed matter into magnetically stored data.

In the UK, where 18 systems have been sold, users include

is represented as a matrix of have been sold, users include points 32 high by 24 wide, the Stock Exchange, where the which are either black or white, system will be used to put documentary data into the com-puters as part of the Big Bang in October. Grattan, the UK mail order company has cata-logue applications and Dutch publisher Elsevier is a user.

real dis

The Southdata machine, called Typereader, has yet to reach the production stage and the company is looking for an office equipment manufacturer to make it in volume under licence. Price is expected to be about £6,000.

Optically, the company has been using the reading section of a facsimile machine. This only \$2,500 to work specifically with IBM personal computers. Although such systems can and compatible machines. In Europe, from September, Lexisystems of Frome, Somerset, will be a main supplier.

Japanese company Totec has a similar machine, as does the New Jersey company Compuscian. Both are represented in the UK by General Audio and such as the software and the UK by General Audio and such as the systems can in the company has been using the reading section of a facsimile machine. This feeds a microcomputer that has software able to read "an almost limitless range of type-deal with typewriter-like faces." At present the speed characters of identical width. Is quoted as five characters per second, so that the machine printed text used in newspapers takes several minutes to read the UK by General Audio and solves is more difficult for one page of A4 typescript.

# HOW MOTOROLA ARKETING PROBLEM WITH A NEW TECHNOLOGY.

The problem has been around for years.

Every country in Europe has its own, special technical requirements for two-way mobile radio communications. As a result, electronics manufacturers have been hard-pressed to find a way to bring the advantages of volume production to this category of products.

The solution has been very elusive. What was needed was a way to build two-way radios customised for each unique country market

within Europe, but to do it on a high-volume, assembly line basis. Under the traditional principles of mass production, this was certainly a contradiction in terms. But Motorola engineers have indeed built

such a capability within the EEC. And it is producing our MC micro two-way radios in volume, right now.

The facility is nothing less than an integrated, automated assembly line that adapts each product to all the varying regulations and requirements of its intended market without halting the production run, or even slowing it down.

Nearly all components of the complex electronic circuit boards for these radios are fed into production on a continuous stream of tape. Automated machines install thousands of these miniature devices per hour, in all the versions required by all our differing customers throughout Europe, and with pinpoint accuracy.

This system not only produces market-

the new VHF Band III. matched radios on a mass-production basis, but the units it builds are of excellent quality and the savings on fabrication costs are substantial.

This facility and the MC micro two-way radio are a synthesis of many new Motorola technologies in communications and manufacturing. This is just one example of what our company has been doing to serve customers in Europe. In the UK, the Motorola facilities in East Kilbride, Basingstoke and Stotfold are important contribu-

tors to the advancement of the growing electronics industry. In addition to these production facilities, we also maintain 15 offices to serve our British customers. Motorola is one of the world's largest electronics companies. We do business on five continents. And wherever we are, we all share a deep dedication to the service of our customers in voice and data communications, computers, semiconductors and components of defence, aerospace, automotive and

industrial electronics. MOTOROLA A World Leader in Electronics

# Shell takes action on training

the east coast of Scotland, where a labourer clambers on top of a lorry in his joh of unloading equipment destined for an offshore oil platform.

Losing concentration for a split second, the man slips, releasing his grip on the load. He falls to the ground while the heavy and cumhersome equipment. suddenly un-tethared, halances precariously on the edge of the vehicle. Scenes such as this are to be filmed over the next faw months as part of an imagina-tive effort by Shell UK to use the latest computer and optical-

recording methods to cut accidents associated with oil and gas production.

If all goes to plan, the several thousand people who work for Shell in offshore production will watch films giving a second-by-second description

of how accidents happen.

A vital part of the technique is that, by correctly answering questions flashed on to a computer screen which is simul-taneously showing the video recording, a worker will be shift the film into a course where everything works safely.

In this way, for example, the person viewing the film about the dockyard accident would

distracted labourer regain contaught new ways of working centration, so preventing, at the using the technology—Mr last minute, the load falling off Mitchell says he knows of no the lorry. As a result, the film similar application of interwatcher would he given a active video in the offshore forceful reminder of how perindustry.

Shell has asked Video Media

By giving the workers the opportunity to alter the way the film proceeds, "we will give them the chance to play at being God," says Mr David Locke. Mr Locke is managing. director of Video Media, a small company in London which is working for Shell on the pro-

Video Media is producing three pilot films using the computer and video technique, known as interactive video. The films are recorded on laser discs

Sony. Control of the images is by an IBM personal computer. If the pilot recordings, to he finished by tha end of this summer, are judged successful, interactive video techniques could be used to provide routine training to Shall employees associated with offshore work, according to Mr Andr Mitchell according to Mr Andy Mitchell, Shell's operations methods supervisor, who is based in Aherdeen.

Although training using interactive video is not new—airline pilots and bank tellers

THE SCENE is a dockyard, on have the chance to make the are among those who have been

which was set up last year by Mr Locke, previously a marketing executive in the oil industry, and Dr Peter Chatterton, a computer specialist-to concentrate particularly on ways to train workers to avoid simple accidents such as trips and falls. Such mishaps accounted last

year for about 300 incidents which led to Shell's production workers injuring themselves seriously enough to leave work for the day. Video Media has employed

and played on systems made by Dr Diana Laurillard, an educa-companies such as Philips and tional psychologist at the Open Sony. Control of the images is University, to advise on the tional psychologist at the Open University, to advise on the psychological aspects of ensur-ing people can learn from the film techniques. Also working on the project is Ms Tina Eden, who has expertise in training who has expertise in training routinas based on computer

> In longer term work for Shali, Video Media is also investigating how optical disc systems which store data could supplement computer memories in storing the huge quantities of

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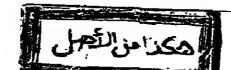
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The Motorole MC micro meets the UK specifi-

cations issued by the D.T.I. including those for

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AN international organisation has no sovereign immunity in the UK except to the extent the UK except to the extent of grant by legislation; and where immunity is granted except to the extent that it is waived "in a particular case" the organisation, when contracting, may waive immunity in respect of disputes arising out of the transaction by agreeing to submit to the jurisdiction of the English court, and is not required to make its waiver hefore the court in specific proceedings.

Mr Justice Bingham so beld when refusing an application by

when refusing an application by the International Tin Council (ITC) to set aside a writ issued against it hy Standard Chartered

against it by Standard Chartered
Bank. The ITC contended that
it was immune from the jurisdiction of the court.

Paragraph 6(1) of the International Tin Council (Immunitles and Privileges) Order 1972
provides: "The Council shall
have immunity from suit and
legal process except: (a) to the
extent that the Council shall
bave expressly waived such
immunity in a particular
case..."

present application. The first suing in the UK was a Headquarters Agreement between the UK Government and the ITC, which came into force on Fehruary 9 1972, and the other was the Order of 1972.

The Headquarters Agreement provided that the ITC should have legal personality and capacity to contract, and that its archives and premises should be inviolable.

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extent that it had "expressly waived such immunity in a particular case."

Article 23 of the agreement provided that where the ITC contracted "with a person resident in the UK or a body incomporated or having its principal place of business in the UK" the contract, if formal, should include an arbitration clause.

The 1972 Order came into force on tha same date as the Headquarters Agreement. Article 6(1) of the Order produced exactly the language of article 8(1) of the agreement. The HEAD of the agreement article and the immunity was expressed to be "from suit and legal process," not "from jurisdiction and execution."

The ITC submitted first that on the construction of the 1972 Order read with the Head quarters Agreement, article 6(1) a) did not apply to contractual claims. Article 23 of the agreement required the ITC's contracts to contain an arbitration clause, and if a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual disputes. Thus an express waiver of immunity in a contractual undertaking to submit to English court.

The said the ITC was a comprehenced in the UK and the immunity was a comprehenced in the UK and the immunity was a comprehenced in the UK and the immunity was a comprehenced in the UK and the immunity was a comprehenced in the UK and the immunity was a contractual undertaking to submit to include an arbitration clause that the could not have in the uk. The coul 

parties resided, without its con-sent.

That would indeed he a strange ontcome. All difficul-ties faded if it were permissible to give effect to clause 7 of the

inviolable.

It also provided by article 8 that the ITC should bave immunity from jurisdiction in 1972 Order provided for loss of immunity, not by general anticipatory waiver, but only hypercific waiver made after proceedings had begun or, at the

extent that it had "expressly waived such immunity in a par-

munity as was granted by sec-tion 6(1) of the 1972 Order, no

tion 6(1) of the 1972 Order, no more and no less.

Thirdly, this was a field in which it was the duty of the English courts, so far as possible, to keep in step with the settled practice of other nations "that a waiver of immunity can be agreed in any form, that it does not have to be stated in front of the court" (see Dr. E. J. Cohn, Waiver of Immunity BYIL 1958 260).

That consensus was reflected in the European Convention of

That consensus was reflected in the European Convention of 1972. The Convention was not signed for some months after the 1972 Order was made, but must at that time have been in an advanced state of negotiation. Against that hackground tion. Against that hackground the draftsmen of the 1972 Order must have intended that a clear contractual waiver should have effect in accordance with its terms. In the State ance with its terms. In the State Immunity Act 1978 provision was made for submission to a UK court by prior written agreement (section 2(2)).

The ITC submissions falled and the summons was dismissed. That conclusion enabled effect to be given to the manifest intentions of the parties.

parties.
For the bank: Timothy
Walker QC and Mark Barnes
(Slaughter & May).
For the ITC: Nicholas (Slaughter & Mag. ... Nicholas For the ITC: Nicholas Chambers QC, Professor Rosalyn Higgins QC and Peter Irvin (Cameron Markbul.

By Rachel Davies Barrister

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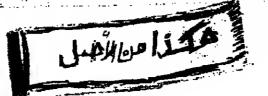
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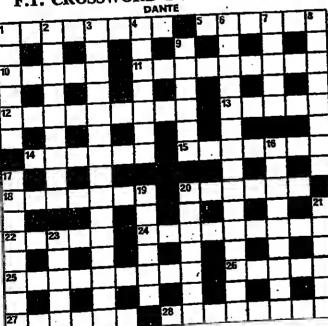
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- 5 Film company hoss I meet at the Joh Centre (6) 10 Take out and clean (5)
- 11 He may investigate an insect and its changing form (9) 12 What the idol expects when public notice his speech?
- 13 He's found in proper alpha-betical order (5)
- 15 The first motive for crime
- 18 Still in a terrible fluster (7)
- 26 Mass-produced legislation? 22 Highest form of wit (5) (3, 3)24 A share in a growing con-
- cern (9) 25 Tradesman explaining how he hopes to come from hospital? (9) 26 Some popular variety of
- grub (5) 27 Clerical work done by a metal worker (6)
- 28 Stepping stones to reason and method (8)

DOWN 1 Cavalryman turns up with-out thinking about us (6)

church 2 Month-watering decorations (9) 3 People do what they like with it (3, 12)

4 Go off at the wrong time (7)
6 Accident-prone vessels, all suspended (3, 5, 7) 7 Not only soldiers may be bored by it (5)

8 Excel as a boot-black? (8) 9 Winger having scored fifty goals? (6)

16 Fieldsman who is frightfully badly dressed (9) 14 A runaway affair, perhaps 17 Stop or start playing billiards

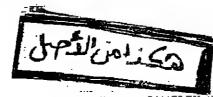
19 Show preference for a simple huilding (4-2) 20 Fever may produce first-class alarm (7)

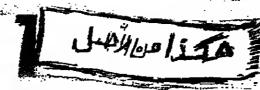
21 Firm stayed disorganised (6) 23 Everything unqualified (5) Solution to Puzzle No. 6,002

Solution to Puzzle No. 6,002

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### **Ministers** study EEC farm price compromise

THE DUTCH chairman of the EEC Farm Ministers was last night set to propose a compromise in the farm price promise in the farm price debate, allowing member states more flexibility in their agricul-tural policies.

posals to modify the price freeze package put forward hy tho European Commission was last night the focus of discus-slon by the Farm Mloisters Key olements in the com-promise would include dropping

the Commission's plan for an end to beef intervention and allowing national policies to differentiato the co-responsi-hility kevy supposed to be levied on cereals farmers.

Mr Gerrit Braks, the Dutch

Agriculturo Minister, is anxious that the current meeting should be a major negotiating session which will come to terms with the shortage of cash in the EEC hudget faced by the farm sector, the high level of surplus food stocks and the problems created by the realignment of EEC currencies agreed by finance ministers this month.

His tactic is to soften national His tactic is to soften national differences over specific elements in the price freeze, product by product, hy allowing more olasticity in the way in which governments approach the broader question of holding down production in the key cereals, milk and beef sectors.

The difficulty of ending intervention for beef, as proposed by the European Commission, would be met by simply putting off the debate until the end of tho year — and giving the Com-mission the responsibility for Implementing the present

#### Commodity index

THE FINANCIAL TIMES has decided to stop publishing a daily commodity index. The index, which was composed of the prices of 12 major commodities, has in any case been sus-peoded sloce October, when the cessation of tin trading on the London Metal Exchange re-moved one of its key compon-

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending last Friday)

	(tonnes)					
Aluminium	-7,325 to 153,800					
Cppper	-4,250 to 134,325					
Lead	+1,075 to 65,500					
Nicke	+450 to 6,756					
Tin	-970 to 62,010					
Zinc	-625 to 40,075					
	(punces)					
Silver	+70 000 to 38 762 000					

#### Good demand at tea auction

QUALITY TEA was quoted at 198p a kilo (nominal) at yestorday's weekly London auction. 2p up from lasl week's sale. But medium grade tea was un-changed at 152p a kilo and low medium was 4p down at 108p a

The Tea Brokers' Association's official report described demand at the auction as "good." Assams were generally demand at the auction as "good." Assams were generally strong with selected lines "substantially doerer." it said.

There were 35,845 packages on offor at the salo, including 5,800 in the offshore section. strong with selected lines "sub-stantially dosrer." it said.

on offer at the sale, including, 800 in the offshore section.

# Australian coal miners' unions call off strike

BY GERARD McCLOSKEY IN BRISBANE

THE AUSTRALIAN coal striko, which has already cost the industry more than A\$300m (£145m) in lost output and sales, appears to be over. The unions representing the 30,000 miners agreed to recommend a return to work hy tonight—one day ahead of the expected end of a one-week stoppage called last week.

last week. The strike had heen called to back a 30 per cent plus wage and conditions claim by the National Mining Liaison Com-mittee of Mining Unicos, a coal union hody representing eight unions and dominated by the Miners Fedoration.

While the end of the dispute is in sight with both parties agreeing that the Coal Iodustry Tribuoal will arbitrate oo outstanding issues, the settlement has not been a cheap one for the Industry. Dressed up as a 3 per cent pay award by the Australian Coal Association, it is in fact far closer to 10 per reot when the sick leave and national productivity awards (expected to be around 3 per cent) are incorporated. Average pay rates will rise from ASTOO a week to ASTOO.

tonoes of production, the bulk of it for export, has been irretrievably lost. Australia. irretrievably lost. Australia, which exported \$8.6m tonner last year, is the world's higgest coal exporting nation.

For some of the opencast rior some of the opencast mines, mainly in Queensland, the additional cost may be hearable. But for the more labour-intensive New South Wales mines, where underground mining predominates, the award may praye cripoling the award may prove crippling. Coal prices around the world are down at a four-year low, hit are down at a four-year low, fit both by dropping oil prices and an overcapacity of thermal coal for electricity generation and coking coal for steel production.

The settlement comes only hours after Sir John Bjelke Peterson the right-wing Queensland Premier, had repeated an earlier threat to introduco legislation to ban strikes in the

So far this year, according to call came hefore the Cabinet coal association estimates, 6m seasion.

The transfer of the control of the c

The lifting of the strike threat —which may not prove perman-ent—has resolved only one of the industry's problems. Poor price levels and cheap oil are already making serious inroads arrendy making serious introdus into the coal producers' health. A coal association survey last year showed that 40 per cent of the country's coal exporters were operating at a loss; sinco then prices have fallen further on interoational markets.

But the most immediate worry is the oil price. The news from Australia was over-shadowed yesterday by the dis-closure that at least two major coal burning utilities in Europe —both of them major customers for Australian coal—were buy-ing spot cargoes of heavy fuel pil rather than spot coal. At least two cargoes below US\$65 a ton (US\$8.67 a barrel) hevo legislation to ban strikes in the state's exporting industries. He told the association's hi-annual meeting, that the state's cabinet would meet at 4.30 yesterday aftornoon to draft the necessary laws. The unions' return to work a ton (USSS.67 a barrel) havo already been purchased by one of Europe'g major coal buyers, which confirmed privately yesterday that it expected to buy oil rather than coal over the next six months, perhaps displacing 2m tonnes of coal.

# African food situation to worsen

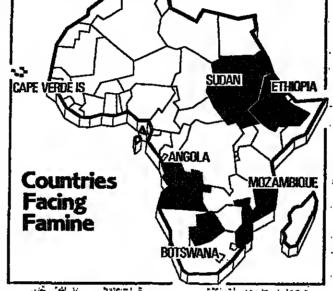
ALTHOUGH FOOD production recovered in mucb of Africa after the 1984-85 drought, agricultural prospects for the continent seem likely to deteriorate over the medium term, Mr Edouard Saouma, director general of the UN Food and Agriculture Organisation (FAO) said this week.

In an introduction to an FAO report on the food crop out-look for the continent in 1986, look for the continent in 1986, Mr Saouma warns that the organisation's projections for the rest of the decade "reached the alarming conclusion that by 1990 the self sufficiency ratio for low income Africa could slip from 79 to 75 per cent. compared to a decade before." By contrast, the ratio in Asia is expected to rise from 94 to 98 per cent. The ratio refers to the amount of food that is produced domestically to meet a produced domestically to meet a country's needs.
African countries would be

come more dependent on food imports at a time when foreign exchange constraiots are likely to remain severe. 'Africa's cereal consumption, according to the projection, would fall from 123 to 119 kg per persoo The FAO report, the second

in a series due to be issued this year, is designed to provide an authoritalive and compreheosive ecount of the food situation in Africa, to provide early warnings of impending food shortages, and to monilor donor

food surplus which cannot be senl to a food deficit regioo within their horders because of actual a lack of funds or transport, year. anomalies (such as Sudan) of countries with exportable coarse graio surpluses but never theless in need of expergency aid, and the adverse im-



36 per cent last yeer compared which the donor acts as the:
to the previous season. But six intermediary between surpluscountries — Angola, Botswana,
and Mozambique in southern
Africa, Sudan and Ethiopia in
the east, and the West African
intermediary between surplus
There are five outstanding
requires urgent West Africa Islands of Cape Verde-require emergency assistance.

According to the report, all 45 countries of sub-Saharan Africa will need to import cereals, mainly wheat and rice. responses.

It also highlights the complexilies of food production and distribution on the continent, citing countries which have a large responses.

In 1986, and although the bulk of these imports will be covered by commercial purchases, many will need food aid. Import requirements in 1985-1986. in 1986, and although the bulk 1986 are estimated at 8.6m tonnes, 33 per cent less than actual imports in the previous

Seven African countries —
Benin, Ivory Coast, Kenya,
Malawl, Sudan, Togo, and Zimhabwe — have exportable surpluses of coarse grain which will
be sufficient to cover the total
import needs of the 16 African
countries with defaiting in these countries with deficits in thoso graios. The FAO is urging the ioternational community to use lisbed in these surpluses in what it calls tries in triangular transactions," in supplies.

the FAO report: • Further donor support is required for the "triangular transactions."

• Additional donor assistance is needed for the purchase of locally produced sur-plus food for distribution in deficit regions of the same country, such as Sudan, Chad.

Mali and Senegal. Donors are needed to fill unmet cereal needs of 4.750.000 tons in 26 countries

● In several countries the combination of late arrival of 1981-85 food aid and new pledges could disrupt the local market, and discourage farmors from planting noxt season.

Early warning systems must be strengthened or established in the vulnerable countries in order to improve food

pension indemnity of up to 4.000 Ecus (£2,415) annually

plus 150 ocus (£92) a hectare.

The land so given up would ho olther allocated for young

farmers to take on-and they would be subsidised to grove creps which are not in surplu

or the land could go for afforestation and various amenity uses. It is very diffi-

cult, however, to see any ferm product in the Community

#### LONDON **MARKETS**

ALUMINIUM prices on the London Metal Exchange yes-terday built on the upturn which began late last week. The cash position closed at £775 a tenne, up £15.50 on the day and £27.25 above the 4-month low reached on Wednesday, as developing nearby supply tightness and news of a substantial cut in LME warehouse stocks encouraged further buying. The mekel market was also firm with the cash nestition preciping \$22.50. cash position regaining £22.50 of last week's £147.50 fall. hut other base metals ended down on the day. Soft com-modity markets were rela-tively quiet with coffee and cocca futures gaining a few pounds and sugar adding a few dollars to Friday's rally. Dealers attributed early gains in sugar futures to short-covering following the recent decline.

LME prices supplied by Amalgamated Metal Trading.

#### ALUMINIUM

	close(p.m.) — £ per tonee	Nigh/low
Cash 5 months		767/797 76/776/764,5
(758-S): 11	closing (sm): Ce hres months 770. 767.S (769). -4, Turnover: 17.	5-1 (761-2); Finel Kerb

#### COPPER

Higher grada	Ueoffic'i close	+or	Nightlow				
Cash S months	943-4 266-7	+8.6 -5.75	950/944 971/965				
Official closing (em): Cash 949.5-50 (948-2); rhres months 989-70 (948-6-9); estriement 950 (949), Flost Kerb close: 986.5-7.							

Greds A							
Cathodes Cash 5 months	940-4	-8.0 -3.0	948/948				
Officiel (948-50); eartlement	cloaing ( three mos 946 (950)	em]: ( the 960	Ceeh 945-6 1-2 (980-3); rver: 22,675 66,50-72.00				

#### LEAD

	close(p.m		High/low
ash months	249,5-60	-2.0 1.6	(241,5/24),6 (261/248
(243-3,5); (251,S-2); (erb clo	settlames	thouthent 241 (	Cash 240.5-1 247.75-8.25 243.5). Final over: 4,875 00 cente per

Kuala Lumpur Tie Market: Close 14.70 (14.75) ringgil per kg. down 0.05 ringitt per kg.

#### NICKEL.

	Close(p.m. E per t	) <del>-</del>	High low
Cash 3 months	2515-25   2575-80	+22.6 +20.0	2680,2680
(2595-600) 60); settle	closing (c three mo mens 2606 5-80, Tumo	nthe 268 12600).	0-8 (2855- Final Kerb

High orade	Leofficial + 0r   Nigh/low   £ per tonee
Cash 3 months	436-9 449-8,5 -2,26 453,450
(441-1.6): 1.S): eet Kerb clos	ciosing (sm): Cash 440-1 ihrea months 451-5 (451- temonr 441 (441-6). Final se: 450-1. Turnovor: 3,875 S Prime Western: 18,50-20,00 pound.

#### GOLD

Gold left \$2% to \$342-342% on the London bullion market yesterday. The metal opened at \$343-343%, and weakened in opile of the laft in the value of the doller. It was fixed at \$342.45 in the morning and \$341.40 in the altamoon, touching a peak of \$343%-\$343% and a low of \$341%-341%.

## GOLD SULLION (fine punce) April 21



#### SILVER

Giver was fixed 1.9p an ounce lower lor spot delivery in the London bullion merker yesterday or 341.1p. US cent equivalents of the fixing levels warm: apor 519.1c, down 4.9c; three-month 523.8c. down 5.1c; ex-month 531.9c, down 5.3c; and 12-month 548.75c, dowe 0.3c. The metal opened at 332½-3 (507-509c) and cicead at 338-335 (610-612c).

SILVER per troy oz	Bullios Fixing Prica	- '	L.M.E. p.m. Unoffic'i	-
Spot 5 months. 5 months. 12 months.	349,00p \$66,75p	-1.96 -1.85	335p 345p	
LASS-TU	Mayer	9 (	33) lets	_

Cash hiph 338.5p. low 338p; thrae-nonths lins! kerb 343.5-5.5p.

#### RUBBER

PHYSICALS — The Loedon market opened unchanged, me; selling pressurs throughour the dey end clossed easier, reports Lewis and Past. Closseg paccas (buyara): Spot 57.50p (samo): May 55.50p (55.75p); Jaee 55.50p (55.75p). The Keele Lumper fob price (Maleyeien ceets) per ko: RSâ Ne 1 was 195.0 (seme) and lor SMR 20 182.0 (182.5).

#### COTTON

Inverpool. Spot and alipment seles for the wask commencing April 14 amounted to 859 tonnes speles: 441 tannes in the previous week. Resewed interest brought interest in Colombian, Egyptian, Israell, Pakietsel, W. Africae, Researn, Turkish, Australian growths.

# INDICES

REUTERS Apr. 18 April 17 M'th ago Year ago 1792.7 1798.4 1829.8 : 1901.9

DOW JONES Dow April April Month Year Jpnes 16 16 ago ago Spot ;128.56 129.00 — 120.34 Fut. 124.12 195.09, — 123.11

#### MAIN PRICE CHANGES

in tonnes un	leas othor	wies	erated.
METALS	Apr. 21 1986	+ <u>or</u>	
Aluminium Free Merket	61 285/505	+19	-
Gold Troy of	£945.9 £065.6	-6,75 -2,875	足1008.25 よ360.76
Jend Cash	£241,6 £249,25		£247,5 £ <del>25</del> 5
Palladium oz Platinum oz Quicksilvert	12 ROLE	· + O.60	<b>2113.25</b>
Silver troy oz 3 months	349.00p	1.50 1.50	381.99p 381,85p
free mkt Tuegstee Wolfern 22 filb	£3820/69 \$62:07		\$65.61 \$50.66
Zinc 5 months	. £438,5 £449,86	-5 -9,25	£440.9 '

m Malayan 8255z -5 8262.6

# 

‡ Unquoted. † Per 75 ib Reek, c Cente e pound, v May. y April-May. w Juee. x Moy-Jees, z Jely. \* Cotton putlook.

Pigmear prices closed on a steedigr note due to firmer physicals and further fresh buying interest in light volume, reports Eastem Capital-CCST. Y'days; + or Y'days; + or close; — close — 

Pigmeet seles: 4 (12) lote of 50 carcases, 3,250 kg.

20al seles: 0 (3) lots of 20 sides.

MEAT COMMISSION—Average betstock prices at representative markets.

GB—Cettle 94.89p per kg lw (+0.42).

GB—Sheep 268,75p per kg ast dcw (-1.29).

GB—Pigs 78,71p per kg lw (+1.21).

#### COCOA

After possing a little easier futures failed to move in any positive direction sed ended en uninspiring day on a quier core. The lack of activity was reflected on the physical market and with boils broducters and consumers withdrawn trading was restricted to Ugirt second-hand business, reports

Gill and C			.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
COCOA	Yesterday's Glose	4 pr	Busine
COCON	g per tonne	_	<b>Д</b> Опа
May,		+1.0	1442-14
Sept	1444-1445	+6.0	1448-14
March	1495-1495	+5.0	1501-14
	1582-1886		1528-18

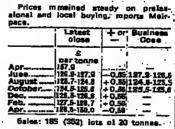
Solee1 2,784 (4,591] lots of 10 Solvet 2,784 (4,031) sees.
ICCO indicator prices (IIS cents per pound), Oelily acide for April 18: 93,54 (94,35); five-day average for April 91,25 (90,15).

# COFFEE

Valees moved up le quiet trading during the moming but feiled to break significently from the recent trading range, reports Orexel aumhem Lembert. In the offermoon prices diffied lower and closed near the lows with the markol devoid of Iresh news. COFFEE Yesterday + or Business

Soles: 3.411 (4.881) lots of 5 tennes. ICD indicator prices (US cents per pound) for Aoril 18: Comp. daily 1979 190.80 (183.24): 15-day everage 121.29 (182.05).

#### SOYABEAN MEAL



#### GRAINS

iquidation, finding allower levele. May berlen commission hour rope etradied on rado before finding esports T. G. Roddick	ley cased aharo so salling. No reserved expo consumer sollin
YHEAT  Yesterday : + or	BARLET Yesterday +

May 117.90 -0.55 112.00 -1.25 Jely 119.25 -0.40 99.46 +0.55 Nov 104.16 +0.16 102.70 +0.39 Jan 107.25 +0.05 105.85 +0.39 Mar 110.00 -0.10 106.40 +0.36

Mar... 107.25 +0.95 105.85 +0.38

Mar... 110.00 -0.16 108.40 +0.38

Mar... 110.00 -0.16 108.40 +0.38

HGCA — Locational ax-larm spot pricas. Feed barley: E. Mida 112.50. Scotlend 110.30. The UK monetary co-officient for the week beginning Mondey, April '28 (besed on HGCA calculations using 4 days' axchenge rates) is accatted to change to 1.105.

Auslineas done—Wheet: May 118.05-7.75, July 115.50-9.10, Sept 101.25-1.20, Nov 104.20, leo entraded, Mer 110.25-1.00.

Sales: 538 lots of 100 lonnes. Barley: May 113.05-1.85, Sept 19.25 only, Nov 102.70.256, Jen-Mer untraded. Sales: 53 lots of 100 lonnes. London Sales: 53 lots of 100 lonnes. 100 longon Sales: 53 lots of 100 lonnes. 100 longon Sales: 53 lots of 100 lonnes. 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales: 53 lots of 100 longon Sales:

Aug and Aug 99.00, Sept 101.00, Oct/ Dec 106.50, 110.50 buyero.

#### SUGAR

LONDON DAILY PRICE—Raw sugar \$198.50 (£130.00], down \$8.50 (down £3.50) a tonna for April-May dailvery. White sugar \$215.00, down \$8.50.

\$ per tonne F.O.B.

186,4-181,6 167,8 184,4-181,9 185,0-184,5 186,2 186,0-184,6 186,0-184,6 186,0-184,6 186,0-184,6 186,0-184,6 186,0-184,6 186,0-184,6 186,0 186,8-192,6 Mar...... 182.5 186.0 May...... 185.0-186.0 209.0-219.0 Aug...... 208.0-282.0 212.9-214.0

Aug. 208.0-202.0 212.0-214.0

Salest 2.187 (4.473) lore of 80 ronnes. Tete and Lyle delivery price lor granelered basis augor was £235.50 (£238.50) a tonce for export. International Sugar Agreement—(18 centib per gound 1 lob and atowed Ceribbean ports.) Prices for April 18: 0eily price 9.27 (8.07); 15-dey avorso 8.46 (8.48). No 6 clf contract—May 199.0 ask: Aug 201.8-4.0; Oct 202.4-4.6, Seles: 98 lots of 50 tonnes. PARIS—(FFr per tonne): Aug 1536/1540. Oct 1550/1555, Ilse t550/1690, Mar 1805/1615. May 1632/1660, Aug 1685/1700.

The arent merker was quiet in thin 15-dey trade for May. Buyers and sellers of dated bereats minained far species with reports of tightening supplies of dated off. On the Nymex May WTI opened 22t down but gained 35c over the morning in eninapired trade. In the petreleum products merket timbles was thin. Nephthe wee stable on petrochemical buying interest and traders integing positions. Nasylusi was stable se power companies stood off—Petroleum Argee, London.

Latest + or CRUIE OIL-FOB (\$ per barrel)-May

POTATOES

Old crop lost beying impetus as interest turned to saw crop. Weather over the weekend and the forecast for the coming week coeficied by 15th morning distant May was bid limit-up. Strong beying interest was maietained and the market clood on a firm, nots elightly off the highs on April due to elightly off the highs on April due to elightly off the highs on April due to elightly off the highs on April due to elightly off the highs on April due to elightly off the highs on April care alloyed derieg the attempt to close hear the low, reports Coley and Harper.

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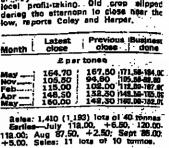
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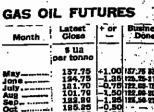
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MONEY

Ban





Temover: 1,436 (3,338) FREIGHT FUTURES

After a steady opening dry sargo values essed over a quiet day. Tanker values held steady in quier conditions ageiner en inective physical back-ground, reports Clerkson Wolff. | Close | High/Low | Prev. Turnover: 37 (44).

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# Stemming the EEC's flood of food proposing something of this kind. Farmers in the 55-65 ago group would he offered a pre-

"He gove it for his opinion that whoever could make two eors of corn or two blades of grass to grow upon o spot of ground where only one grew before would deserve better of mankind ond do more service to his country than the whole race of politicians put together." The above quotation from Gulliver's Travels has been repeated by politicions and other personages at least a dozen times in my hearing that this idealistic encemium that this idealistic chemium has been taken to heart and acted upon, the whole of the Western world is swamped with a multiplication of corn and grass for which thoro is no

ohvlous destination. It is now for the politicians to attempt to slem this cascading cornucopia and the farming world is awash with suggestions of quotas, set-asides, price restraints, nitrogen taxes and the suppression of farming development in the interests of what is loosely called the environment Environment is a portmantoau word which seems to farmers to be the antithesis of a well ordered countryside. Instead a jungle of noxious weeds, brambles, scrub and trees where nature can have

a free rein. Mr Michael Jopling, the British Agriculture Minister, has been a proponent of price restraint. His theory is that persistent price reductions will eventually force farmers to cut their output None of the other 11 member countries agree with the US system, this proposition, nor do those outside the Community. Now it apnears that like St Paul in a cultivation could be afforested. rather different context, he has Bul forestry is not for the apnears that like St Faul in a cultivation could be afforesed. rather different context, he has Bul forestry is not for the changod bis mind. He is said working farmer. I have a 40-to he looking enthusiastically year-old anothwood sland. It at the idea of acreago set will be ripe for cutting in



£80 an acre to take cereal land put of production and of getting EEC money for planting trees. put of production and of getting
EEC money for planting trees.

The set-asido principle as adopted in the US envisages the removal of so many acres of the removal of so many acres of the removal of so many acres of the removal of so many acres of the removal of so many acres of the removal of so many acres of the removal of so many acres of the removal of so many acres of the removal of some documents of the removal of the wheat acreage, is a much bigher guaranteed price for the grain

he grows on the remainder. There are several question marks about the EEC proposal, however. At £80 an acre the compensation would hardly cover the fixed costs of most arable farms — rents or hank interest, machinery, labour and general overheads. If, say, 15 per cent of the land is taken out of production most of these fixed costs will conlinue and will have to be borne by lbe remaining land being farmed. so stimulating the farmer to producing more unless, as in

The farmer does not get paid land, as opposing for leaving his land idle.
The roward for adopting the scheme, which this year will take 25 per cent of his standard when I worked

the US system, be has a reward fairest way to take land ont of ever could make one ear of of some sort.

The land so removed from cover the fixed costs of that grow upon the spot where two

amenity.

land, as opposed to mountain I am reminded here of a story I beard in Argentina

glue and handles, all they had lo do was stick Ibem logether. Simple said the new man, "I steal them ready made." Likewise in forestry, it is the final owner who reaps the benefits. baving let others bear the costs. Il would seem to me that the

when I worked there years 820. One of the local industries was the manufacture of feather dusters to be sold on the streets. The local manufacturers found that a newcomer was undercutting them and sent a deputation to ask him bow be dld lt. They sald they could not understand it because they tbemselves stole the featbers,

which is not in some sort of structural surplus already. I would have thought too that the removal of the pre-pension age farmers would leave the way clear for the younger more dynamic operators who could well increase output on the land they took over. The problem is not really the area farmed, but the increasing yields of modern farming. Here it must be said that the British Government is making

a start. The research indeets and the agricultural advisory services are being slashed and the capital allowances which capital allowances which enabled a fairly rapid retooling of the industry have now been removed. The demotion of the Ministry of Agriculture into a department of environment with Mr Jopling as Parliamentary Secretary may not be far away.

An up-to-date version of Jonathan Swift's dictum should really read like this—"Wholand and then (b) to subsidise grew before would deserve the alternative use of the land better of the EEC and do more directly wbether for forestry or service to the taxpayer than the whole race of scientists

The EEC Commission is now put together." هكذامن الدعهل

# CURRENCIES, MONEY and CAPITAL MARKETS

JAPANESE YEN Trading range against the dollar in 1886 is 202.7 to 172.05. March average 178.65. Exchange rate index 186.9 against 169.0 six months ago.

months ago.

The yen rose sharply against the dollar in heetic Tokyo trading. Intervention by the Bank of Japan was estimated to be around \$1.5m, but failed to prevent the dollar closing at a record low of Y171.80, compared with Y175.85 on Friday, and Y174.30 in New York on Friday. The lowest point touched thring the day was Y171.50. Speculative selling of the dollar was beavy, in the belief that the Bank of Japan, acting alone, will not be able to stem the tide. Friday's cut of \(\frac{1}{2}\) per cent in the Federal Reserve's discount rate, but the need to cut Japan's very large trade surplus, from about \$60m a year, continued to put strong upward pressure on the yen yesterday.

**CURRENCY MOVEMENTS** 

CURRENCY RATES

SDR reves ere for April 18.

OTHER CURRENCIES

#### **FOREIGN EXCHANGES**

# Japan fails to halt slide

The dollar's losses were pared yesterday by profit taking on short positions taken ahead of Friday's cut in the US discount the attitude of the central banks. rate, and by nervousness about the attitude of the central banks. The Bank of Japan may have bought about \$1.5bn io Tokyo yesterday, after dealers estimated support of some \$300m for the dollar by the Japanese central bank in New York on Friday. The Bank of Jepan was also reported to have been active in Tokyo on Friday and Thursday, but market opinion suggested that unless the Federal Reserve and German Bunderhank octed in concert with the Japanese authorities, the dollar would continue weaker. As expected the Bank of Japan announced a cut of 1 per cent to 3½ per cent in its discount rate immediately after the Federal Reserve reduced its discount rate by 1 ner cent to 6½ per cent.

Without any sian of support from the Federal Reserve or the Bundeshank the dollar fell to DM 2.2080 from DM 2.2210; to FFy 7.0425 from FFr 7.0875; to SFy 1.8490 from SFr 1.8620; and in a record closing low of Y172.05 from Y174.15.

Oo Rank of England figures the dullar's index fell to 115.4 from 116.0.

STERLING — Trading range

from 116.0. from 116.0.

STERLING — Trading range against the dollar in 1986 is 1.5245 to 1.3770. March average 1.4681. Exchange rate index fell 0.7 to close at the day's low of 75.5, compared with \$1.0 six months ago.

bank is expected in prefer to wait. The Bundeshank council meets Thursday to review interest rate and monetary policy. In Prankfurt yesterday the dollar was fixed at DM 2.2053, compared with DM 2.2240, without any intervention by the Bundeshank. At the Frankfurt close the dollar had failen to DM 2.2115 from DM 2.2170. £ IN NEW YORK April St Prev. aloes E 300t \$1,5100-1,5178\$1,5178-1,598 1 month | 0,50-0,47pm | 0,45-0,46pm 5 months | 1,58-1,25pm | 1,54-1,25pm 12 months | 3,53-3,66pm | 3,70-3,60pm Forward premises and discounts apply to the U.S. dollar Lack of agreement on oil pro-

duction cuts by ministers from the Organisation of Petroleum Exporting Countries, meeting in Geneva, contributed to the weakness of sterling. Expectations of further cuts in London interest rates elso tended to push the pound down by 70 points to \$1.51101.5120; to DM 3.3375 from DM 3.3725; to FFr 10.6450 from FFr 10.7625; to SFr 2.7950 from SFy 2.8275; and to Y280 from Y261.50.

D-MARK Trading range against the dollar in 1986 is 2.4716 to 2.1990. March average 2.2677. Exchange rate index 135.8 against 128.0 six mentis age. duction cuts by ministers from

The D-mark appreciated against the dollar in Frankfurt, following the cut in the Federal Reservo's discount rate on Friday, but the rise was checked by some profit taking. The moves by the US and Japan to lower interest rates is likely to increase pressure on the Gorman Bundesbank to follow suit, particularly if the dollar's suit, particularly if the dollar's fell against the D-mark gathers poce, but at present the central.

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

EXCHANGE CROSS RATES

0.476 0.119 1.588 123.7 5.065 1.380 1.794 1086 1 32.40 1.468 2.220, 4.601 381.6, 15.65 4.104 5.536 3357, 5.086 100. Yan par 1,000; Franch Fr par 10; Lira per 1,000; Beig 'Fr per 100.

EURO-CURRENCY INTEREST RATES

One Year 714-718 7-714 714-134 7-714 4 4-416 7-14-8 713-8 7-12-8 512-655 512-058 712-814 734-814 484-434 712-8 012-658 614-10 814-618 613-1012 812-10 418-456 412-416 614-616 614-614 511-616 615-616 85g-85g 81a-6 4:4-4!5 8 81a 6-3-6-6

**MONEY MARKETS** 

#### Bank signals on base rates bills io band 3 st 101 per ceot.

The Bank of England took advantage in the Londoo money mayket yesterdoy to underline its desire not to see coother cut in base rates just yet. Discount houses were invited to borrow coney during the afternoon and although the 7 day rate of 111 per ceol was not considered penal, the Bank's wish to see a period of consolidation was clearly put across.

Market response left interbank rates trading towards the upper part of the day's range with three-month money quoted at 101-101 per cent compared with 912-1012 per cent compared with 912-1012 per cent of from the solution of 13 per cent and a low of around 10 pey cent and a low of around 10 pey cent before and s take un of Treasury bills and stake un of Treasury bills ungether draining £1,322m and the lambiding maturing assistance which flower part of the morning of £499m through interbank should be a shortage of £57m of Treasury bills and £38500 of eligible bank with factors affecting the market including maturing assistance and s take un of Treasury bills ungether draining £1,322m and the lambidition banks brought forward halances £120m below forward ha

MONEY RATES 

UK clearing banks base lending rate 10½ per cent since April 21 In the afternoon the Bank bought an edditional £52300 of bills outright. These comprised £19m of eligible book bills in band 1 at 10½ per cent and in band 2 £32m of Treasury bills and £404m of eligible bank bills at 10½ per cent. In band 3 it bought £65m of eligible bank bills at 10½ per cent and £2m in band 4 at 10 t per ceot. Dis n pand a st 1037 per ceot. Dis-count bouses were invited to borrow funds at 2.30 pm result-ing in loans of £285m over sever days at 113 per ceot. Total helf-was £1,419m. FT LONDON INTERBANK FIXING (11.00 a.m. April 91) Three months US dollars The fixing rates are the erithmetic means, counsel to the market one sixteenth, of the Old and offered rates for \$10m quoted by the market to LONDON MONEY RATES

Trasury Bills (aell): enn-month 10½ per cent: three-months 9½ der cent Bank Bills (aell): one-month 10½ per cent: three-months 9½ per cent Bank Bills (aell): one-month 10½ per cent: three-months 9½—9½—per cent Trasury Bills: Averegs innder rata et discount 9 6031 per cent. ECCO Fixed Trasury Bills: Averegs innder rata et discount 9 6031 per cent. ECCO Fixed Trasury Bills: Averegs innder rata et discount 9 6031 per cent. ECCO Fixed Trasury Bills: Averegs innder sate discount 9 6031 per cent. ECCO Fixed Trasury Bills: Averegs innder sate discount 9 6031 per cent. ECCO Fixed Trasury Bills: Averegs innder averegs innder average object. Eccount Bills of the sate

## FINANCIAL FUTURES Late recovery

US Treasury bonds and Euro-dollar prices finished above the dey's lows after recovering dur-log the afternoon in the Loo-don International Financial Futures Exchange yesterday. Values rallied briefly at the openvaines failled offen, at the open ing in reaction to Friday's cut to US discount rate. However this was short lived since the cut had already been discounted so that some profit taking deve-loped as the morning were on.

After a slight downturn, following the start of trading in the US, prices were low enough to attract fresh demand which helped cootracts finish off the day's lows. US Treasury bunds for June delivery opened at 104-09 down from 104-15 on Friday and touched a high of 104-19 before slighing away to 103-07. It recovered at the close to 103-21. Sterling based Instruments followed a similar pattern although

fore losing ground on a weaker pound and renewed uncertainty pound and renewed uncertainty about oil prices. Renewed loterest appeared at the base however as the net benefits of lower 
eil prices appeared to provido 
encouragement. Trading lacked 
somo of the recent volatility 
however and although prices 
showed o reasonable range on the 
day, the change from Friday was 
less pronounced with some 
dealers now predicting a period 
of consolidation. The long gift 
for June delivery opened at 
129-00 down from 129-11 on Friday and touched a low of 128-07 day and touched a low of 128-07 before recovering to close at

LIFFE US TREASURY BOND FUTURES OFTIONS June Sept Dec 000 0.38 — 0.01 0.58 — 0.01 0.58 — 0.01 0.58 — 0.01 1.60 — 0.34 2.43 — 2.01 4.40 — 2.73 3.56 — 2.01 4.40 — 3.76 5.53 — 8. Puts 3.13 DD, Puts 1.444 Surfac Calls - Last vices May June July Sept 120 - 21.01 - 21.01 - 21.01 - 21.01 12. THE ADELPHIA SE E/S OPTIONS Mar ... LONDON CHICAGO 20-YEAR 12% NOTIONAL CILY ESO,000 32nds of 100°. Close Hugh Low Prev 103-21 104-19 103-07 104-15 102-25 103-14 102-11 103-24 102-01 102-01 103-02 103-04 103-02 103-04 103-04 103-02 \$150,000 58ths of 100%

Close 164-00 103-88 104-00 103-88 103-88 104-00 103-88 104-14

Estimated volume 169 (288)

Previous day's open int 1,004 (1,178)

THREE-MONTH STERLING

CS00,000 points of 100% CURRENCY FUTURES | CS00.000 points of 100 / 2 | Close | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow | Flow Spot Limith, 3-mith, 6-mith, 12-mith, 1,5113 1,5066 1 4988 1,4991 1,4743

IMMA - STERLING Sa per E Letest High Low Prev 15065 1,5020 1,4975 1,5160 1,4920 1,4995 1,5065 1,4810 - 1,4810 1,4865 LIFFE-STERLING £25,000 5 per E | Close High Low Pre-June 1,5015 1,5140 1,5010 1,507 | Sept 1,4905 | 1,4927 1,4927 1,4927 1,4925 | 1,4927 Lob per full index point

| June 167.65 169.90 167.46 189.55 |
| Sopt 168.90 167.46 189.55 |
| Sopt 168.90 - 177.80 |
| Ded 172.40 - 174.30 |
| Extinated volume 392 (233) |
| Previous day's open int 1,880 (1,866)

Prev 83.58 93.53 93.49 93.26 93.02

76.6 76.7 76.7

76.4

76.2

STERLING INDEX

2.00 pm

EMS EUROPEAN CURRENCY UNIT RATES

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5.84332 2.42178 5.704692 1472,23

43.6761

3.90 pm ..... 75.5

April 21 Previous

cilr futures tried to stoady be-

forecasting aid designed in Foresia. The currency rency managers, currency forceasions & currency opuons advi-Corporate treasurers and finance directors with IRM PCS have proved the outstanding taker of this package £2.550 or £32 weekly including free Presset subscription POREXIA (C.K.) LAMITED 46 LAIFRSTON STREET, LONDON SW 10 09111 Tel: 01-351 0350, Telev. 268945, Prisact. "88130" 

#### **Company Notices**

TOK CORPORATION (CDRs)

(CDRs)

The uncertaigned announces that as item 16th April 1986 at Kes-Asabotaste NV. Sputstrasi 172.

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ENTE NAZIONALE PER L'ENERGIA ELETTRICA (E.N.E.L.) 71% 1971/1986 Loan of 71% 1971/1986 Loan of European Currency Units 48,000,000

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Fiscal Apent

CLASSIFIED ADVERTISEMENT RATES Commercial & Industrial Property Residential Property Appointments Business, Investment Opportunities 39.00 11 50

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Vianted

Viant For further details write to:
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Manager
Financial Times
10, Cannon Streel, ECAP 4BY

BOBKS CLOSING DATEO

MAY 1986 DIVIDEND

The Broken Hill Promitting Company
Limited occases that 2nd May 1986 is
the books closing date fixed by the
company for the pulpose of caromining the persons entitled to particosta in a dividend to be paid on 22nd
May 1986 Transfers will be accepted
for registration until 5.00 gm on 22nd
May 1986 at the company's shall
trg-station until 5.00 gm on 22nd
May 1986 is the company's shall
trg-statis at the following addresses—
AUSTRALIA
140 VIMICAM Street, Melbourne,
20 Cubrnell Street, Melbourne,
244 Outer Street Busbane
55 St Goodge a Terrace, Perth,
Annur Young and Compeny,
54 Marcus Clerke Street, Camberrs,
Paroptical Tristees and National
Esociators of Tamenia Limited,
29 Murray Street, McDart,
CK.
Registrat's Department, Kelponel West-

Registrar's Department, Kelionel West thinster Bank PLC 37 Blood Street, Blistol. Secretary
The Brokes Kill Proglistary Compen

BANQUE NATIONALE DE PARIS

USS250,000,000 Floating Rate Notes due 1997 Applicable interest rate for the interest period from April 21 1986 to July 21 1986 as determined by the reference agent is 6" per cent per minum namely US\$1722.05 per bond of US\$100,000.

SOTICE TO BOSDHOLDERS DSDPH SRYCKELTIC SECO. LTD 1 -, 540,000,000 3 - per cent 1 mmerible Bonds 1948 Pent in among persons to The Paring A Contract Special agreement dated Contract Section Laws 1961 and the 21st April 1966, the above puring against addition factorism and to. 40 Havrahal Sinet LOSS TOE THE TOKAI BANK LIMITED, LINNON BRANCH, PRINCIPAL PAYING & CONVERSION AGENY

OFFICIAL NOTICE has been reported to us London Metal Eschang and we have been asked ie. No. 339979. Erand: Weight 9519.650 Troy Siter Vault, Japan Wa

Clubs EVE has outlined the others beca-policy of fair play and value for Supper from 10.3.30 am, Disco

# **£** WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 21, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate rate; (cc) exchange certificate rate; (nc) non commercial rate; (nom) (exC) exchange certificate rate; (sg) selling rate; (c) controlled rate; nominal; (o) official rate; (sg) selling rate; (c)

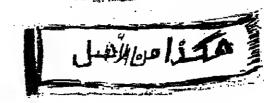
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		HIML BUTTON	2:1.75						

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Expential goods. (2) Preferential rate for priority imports such as food to preferential rate for public sector debt and essential imports. (5) Preferential rate for public sector debt and essential imports. (5) Preferential rate for public sector debt and essential imports. (14) Nearly all business transactions. (15) Visionam:—1 new done route 10 old of travel. (7) Parallel rate. (9) Banknota rates. (16) Rate for experts. (14) Nearly all business transactions. (15) Visionam:—1 new done route 10 old of travel. (17) Parallel rate. (17) Israel:—1 new above equals 1,000 of 0 shekels. (18) Aruba Ocrin:—new currency introduced January 1, 1986. (16) Parallel rate, new exchange rate amounted. (20) Brazil:—1 cruzadle equals 1,000 cruzeijos.

THE RESERVE OF THE PROPERTY OF

等如此也知道,我就把我们看到我们,我们也不是一个人,我们也不是一个人,我们也不是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,

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	المكذا من الإهدل
Financial Times Toesday April 22 1888  The state of the s	

Cootiouation of the worldwide ailed to enthuse Londoo stock tarkets yesterday. Iovesiors vere generally unresponsive to the weekend news of further reductions in the US and Japanese Discouot rates, while the decision by leading UK ouildiog societies to cut mortaging rates by T percentage point vere generally unresponsive to the weekend news of further reductions in the US and Japanese Discouot rates, while the decision by leading UK ouilding societies to cut mortage rates by 1 percentage point to 11 per eent had been fully discouoted. Although prospects for another small fall sooo in bank base rates remained good, institutional and other larger institutional and other larger investors were conteot to withhold their funds. The outcome was that both shares and honds suffered a light reversal after having opened on a steady to

investors were conteot to withhold their funds. The outcome was that hoth shares and honds suffered a light reversal after having opened on a steady to firm hasis.

Investors may have heen put off by the erratic behaviour of leading shares throughout much of the previous week's business. Blue chip issues opened the session yesterday, the start of the final leg of the current tradiog Account, in promising fashion. Most displayed modest gains but these were given up fairly quickly in the absence of worthwhile support. Little evidence emerged of any real selling pressure but ntany stocks overreacted to profit-taking sales. Several apeculative high-filers were particularly hard bit.

Summing up the situation, to first the first for hondered and several apeculative high-filers were particularly hard bit.

Summing up the situation, to first first making a recommended offer for Howard. Guinness dipped 10 more to 305p as the hid for Distillers was declared wholly unconditional; the Distillers shares not assented to the offer closed 14 lower at 668p. Elsewhere in the drinks sector attention centred on Allied-Lyons which advanced 15 to 315p as Elders' chairman Mr Jobo Elliott resistant was also helped by a builtied easier throughout the day. Blne Circular from brokers de Zoete and Bevan.

Leading Buildings appeared a shade steadier at the close having drifted easier throughout the day. Blne Circle, a firm market on Friday following a broker's circular, settled 5 off at 690p. while Rediand slipped 4 to 444p. RMC softened a couple of pence

Summing up the situation, traders said that business was the smallest for many sessions to 504p. Confirmation of a 1 with sentiment probably affected by financial considerations involving the approaching year eods of two leading jobbing bousebuilders and demand ahead of Thursday's annual results. involving the approaching year eods of two leading jobbing houses, loitial firmoess oo Wall 5treet gave no encouragement late and the FT Ordinary share Index, after being 3.5 up before 10 am, closed the day a oet 8.6 down at 1394 5, despite a sharp rise in constituent Allied-Lyons, The FT-SE 100 share iodex ended 12.2 lower at 1868.0.

Cooventional Gilt-edged securities similarly suffered a setback but index-linked stocks went further ahead as hedging demand continued and some closed a higher. Exchange rate influences higher. Exchange rate influences
—sterling weakeoed agains! Cootioenial currencies and was
upoable to hold an early rise on
the dollar—deterred buyers of
convectional Gilts. The presence
of a new loog tap was another
inlihiting factor; late op Friday,
the Bank of Eogland approach
the issue of £800m of Treasury
8 per cent 2009, payable £25 on
application this Wednesday, at a
minimum tender price of £96.
Short-dated Gilts were bardly
affected but persistent profitaking sales brought long bonds
down progressively and some
conded a point lower on balance.
Dealiogs in recent outstanding

# Worldwide move to lower interest rates fails to enthuse investors

Howard Group rose 22 to 315p and PSW loternational moved up 33 to 288p following details of an agreed merger involving the latter making a recommended offer for Howard.

of Thursday's annual results lifted George Wimpey 10 to 179p. Barratt Developments added a couple of pence to 152p, while Wilson (Connolly) rose 16 to 476p in a restricted mar'et. Persimmon firmed 5 to 223p and Persimmon firmed 5 to 223p and McCarthy and Stone gained a like amount to 295p, the latter helped by Press comment, Raine Industries drew fresh support pending the outcome of merger discussions and put on 5½ to 58p, while Gleeson, balf-year 6gures due tomorrow, moved up 6 to 276p. Flowberg Trayis and

tioenizi currencies and was preliminary profits much in line in indication deterred buyers of convectional Gilts. The presence of a new loog tap was another conventional Gilts. The presence of a new loog tap was another concuraging statement. Access of a new loog tap was another concuraging statement. Access the Bank of Ecoland aonousced the issue of £500m of Treasury 8 per cent 2009, payable £25 on the absence of hilling factor; late on Friday. The Bank of Ecoland aonousced the issue of £500m of Treasury 8 per cent 2009, payable £25 on the late of \$300m of Treasury 8 per cent 2009, payable £25 on the sheet of the property sector. Satellite dipped 13 to 509 following two distributors. ICI eased to 950p before late support deed of the annual results and one professively and some odded a point lower on balance. Dealings in recent coutstanding beforemer Hambros were ompared with Friday's closing formed 5 to 123p, after 125p, after 217p; the maiden of £50p. After 217p; the form o

FINANCIAL TIMES STOCK INDICES Oovernmen1 Secs.... 94,23 34,51 94,33 33,50 33.02 93.43 Bt.82 Fixed Interest ... ..... - 37.35 97.40: -97.36- -95.77 35.47 97.12 86.13 
 Cold blines
 270.0
 271.7
 274.6
 282.9
 287.4
 290.0
 211.8

 Brd. Div. Yield
 3,86
 3,84
 3,84
 3,89
 3,89
 3,83
 4,68

 Earnings, Yid. 2/tulii
 3,55
 3,42
 3,41
 3,51
 8,54
 3,41
 11,80
 P/E Ratio (net) | 12.84 13.14 13.16 19.97 12.95 13.14 10.38 Total bargains (Est.) 30,958 31,989 31,089 33,684 34,130 35,513 24,490 Equity lurnover £m. — 839,12,830,65,1228,01,790,61,1015,21-225,09
Equity bergans... — 87,646,28,613,34,433,36,770,91,374,18,831
Shares Iraded .mi ... — 997.1, 309.0, 450.2, 329.4, 382.3, 114.1 10 am 1405 8. 11 am 1401 5 Noon 1395.8. 1 om 1393.7. 2 pm 1393 4.
 3 pm 1393 5. 4 pm 1393.7. Day's High 1408.8. Oay's Low 1332.6. Basis 100 Covanimoni Socurinio 15/10/25 Fixed interest 1528. Orininy 1/7/35. Gold Minop 12/9/65, Activity 1974. Latest Index 01-248 8026. PMi =12.37.

1980		1980		mplial'n	INOICES	Apr. 18	Apr.
	High	Low	High	Low	Daily GII1 Edged		
Gavt. Secs.	94.51	60.39	127.4	. 40 10	Bargains Equities	174.2	
Fixed Int	97.40	BO.53	t 50.4	30.53	Sargains Volue SdayAverego	1506.11	155.4 1,573.0
ardinary	1493.9		1423.9	49.4	Citt Edged		155,2
Gold Minos	357.0	207.5	734.7	43.5 (25:10.71)	Equition Bargains Value	133.7	905,2

Stores were confined to secondary issues. Bentalls which revealed disappointing preliminary results last Thursday, spurted 37 to 208p following a tentative bid approach from Capital and Counties; Bentalls described the approach as "unsolicited and unwelcome." In sharp contrast, adverse comment in the weekend Press prompted the liquidation of sizeable speculative positions in both Martin Ford, Gnally 11 cheaper at 94p, after 80p, and Blacks Leisure, 5½ off at 9½p. A. Goldberg, up to 150p initially on persistent takeover hopes, closed 6 lower on balance at 143p.

The reduction in mortgage rough to 273p on the absence of hid rates and the provisional retail sales for March failed to stimulate interest among leading Retailers. Only Marks and 5pencer made any worthwhile.

3 on balance. Hanson Trust, in contrast, drifted off to close 5 cheaper at 164p, with BTR a theaper at 164p, with BTR a similar amount down at 476p. Glaxo, still reflecting a recent profits downgradiog, eased a more to 110i. Elsewhere, Extel advanced 20 to 410p awaiting further developments in the bld situation. Morgan Crucible put on 11 to 273p in response to the preliminary figures and acquistion news, while persistent US demand left Renters B 20 bigher at 350p. Renewed speculative demand prompted a rise of 19 to 216p io Expamet, while Tiphook were also noteworthy for a gain of 17 at 260p. Weekend pressmention stimulated huying toterest in Loodon and Midland Industrials, up 10 at 229p, and Cosalt 3 firmer at 85p, after 88p. Sketchley hardened 4 to 474p on the proposed sale of Sketchley Services Inc. of the U5, but Henara eased 4 to 48p on the annual results.

Jaguar bucked the trend among Interoatiooals, rising 21 to 468p amid agressive U5 support. Molor Distributors featured Appleyard which attracted late speculative demand and rose 7 to 125p. Recent high-filer Hartwells, on the other band, recated 6 to 100p in the adhsence of bid developments the annual results are expected to be announced in mid-May.

mid-May.

Anotherwise subdued session among Paper/Printings was again enliveoed by Mr Robert Maxwell'o British Printing and Communication which attracted Communication which attracted sizeable support, including "call" option husiness, and improved 17 to 302p; tomorrow's perliminary results are expected to show pre-tax profits of over £25m. Cradley Print bardened a couple of peoce to 70p awaiting today's half-timer, while press mention lifted McCorquodale 5 to 220p Advertising aganeies showed Lowe Howard-Spink 13 dearer at 393p, also after weekeed press Lowe Howard-Spink 13 dearer at 393p, also after weekeod press comment, while Hoggett Bewers, in receipt of a newsletter recommendation, touched 84p but settled only 3 up on halance at 80p despite announcing 8 51 per cent expansion in interim profits.

Boc Group sold

Nervous selling a head of the Interim Egures expected shortly paring to close its exploration. How left BOC Group 16 cheaper at and production operations. How354p. Among the other miscellaneous industrial leaders, sharply after-hours and closed
Beecham reacted to 417p before only 5 down on balance at 58p
huyers appeared and took the
price up to a close of 426p, up chairman that the company has

FRIDAY'S YESTERDAY'S **ACTIVE STOCKS ACTIVE STOCKS** Stock ch
Stock ch
Geriffara
Catle & Wara.
Councess
Hambros
Ford (Mertin)
Samusi Propa.
Brush Benzol
Ouport
Trusthso. Forte
Glado
Beccham
Royal Insurnos. Closing Ony's 265 278 256 258 258 258 333 94 468 271 450 712 58 chang +30 +37 +37 +37 +37 -11 +37 -121 -21 -20 -13 -5

**EUROPEAN OPTIONS EXCHANGE** Vol. Last Vol. Last Stock 40 25,50 69 148 47 7.60 11 1.80A 17 2 31.50 19 17 13 5 A 16 0.50 6 7.50 0 10,30 :FL370.77 F1.275; F1.980; F1.285; F1.245; F1.250; F1.255; F1.260; F1.265 July - 'F1.582.59 - 'F1.112 - F1.78,70 14 15 Fl.180,1 22 13 Fl.86 Fl.104,5 Fl.270 Fl.270 FI.180, 10 F1.75 157 1.90 A F1.100 1705 10 F1.103 1793 1 2.50 1 F1.250 472 20 F1.260 691 7.90 F1.230 124 6.80 1 F1.210 110 5 F1.120 171 10 F1.20 600 2.10 F1.50 500 2.10 F1.50 559 6.60 F1.170 229 8.80 F1.170 519 13.50 F1.85 237 4.40 AMRO C F1.104.50 MARTO P CIST P HEIN C NEIH P HOCC C HOCG P KLM C KLM P NEOL P - .F1,218,50 20 12.50 Fl. 116,40 5.50 FI. 60 - FI,175 25 17 61 2.90 10 5.50 108 4.80 31 3.20 146 6.30 26 8.20 2 9 FI 84.20 3 7 FI 63.80 10 8.70 FI 63.80 3B 8.70 FI 63.70 287 4.40 161 2.90 564 3 357 2.10 688 3.50 466 4.80 119 5.50 NATN C HATN P PHIL C PHIL P RD C RD P UNIL C UHIL P

TOTAL VOLUME IN CONTRACTS: 42,007.

8=814

A=Ask

adequate mid-term facilities to allow it to meet all current obligations, intends to continue obligations, intends to continue with its commitment to exploration and production operation worlwide and has no plans for staff reductions beyond the level necessary to carry out its commitments.

mitments.

Leading oils gave ground across the hoard awaiting an official statement on the outcome of the latest OPEC gathering. BF lost 12 to 538p, still reflecting concern that Distillers may sell its stake in BP following the takeover by Guinness, and ahead of Erst quarter results from its U5 subsidiary Sohio scheduled for Thursday. Shell, wboss American subsidiary Shell Oil is due to announce first quarter 8 gures on Wednesday, dipped 5 to 752p.

The failure of the hullion price to build on last Friday's good performance that followed cuts in international interest rates and news of Japan's intended purchase of around 200 tonnes of gold prompted another

intended purchase of around 200 tonnes of gold prompted another disappointing session in gold sectors of mining markets. South African issues lost ground for the fifth successive session Among UK-registered Finineials, Rie Tinio-Zinc fell away to 705p early in the day on renewed profit-taking before picking up later in the session to close only 13 easier at 712p. Australlan industrials continued to make progress at the expense of "down-under" mining issues, Elders IXL rose strongly in Australla overnight and moved. issues. Elders IXL rose strongly in Australla overnight and moved tup 8 to 218p in London amid vague talk that Robert Holmes a Court may launch a bid for the company following Elders' receot acquisition of a near 20 per cent stake in BHP.

Traded Options

Activity in Traded Options increased slightly with 24,449 contracts transacted. Business was evenly-balanced with 13.280 calls and 11.169 puts otruck—the latter easily surpassing the previous day's record of 9.480 trades recorded oo December 1984, when British Telecom options were introduced, Hanson Trust led the way yesterday, recording 1,235 calls and 3,206 puts as operators contioned to digest the acquisition of Imperial

#### NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (230)
BRITISH PUHIDS (12]. INTL. BANK.
AND OVERSEAS GOVT. STERLING
ISSUES (4). COMMINIMENTAL AND
AFRICAN LOANS (2). AMERICANS (8).
CANADLANS (4). BANKS (7).
SREWERS (1]. BUILDINGS (12).
CHEMICALS (5). STORES (8].
ELECTRICALS (15). ENGINEERING (77).
FOODS (2). NOTES (1).
INOUSTRIALS (31]. INSURANCE (2).
LEISURE (1]. MOTORS (2).
NEWSPAPERS (2). PAPER (6).
PROPERTY (17). TEXTILES (5).
TRUSTS (82). OLLS (2).
NEW LOWS (40)

PROPERTY (17). TE-TILES (3).
TRUSTS (62). OILS (2).

NEW LOWS (40)

AMERICANS (7) Conditifinals Corps,
CATX, Pennzoll. Buildoings (1)
Access Saielitia, STORES (3), Blacks
Lebaure, FOODS (1) Noigness (6), Schlumberger, Security Sarvices, INSURANCE
(2) London and Manchester Group,
Sedgwick, LESURE (1) Chrysalie.
PROPERTY (1) Property Trust. TRUSTS
(2) Chima and East Invest. Viking
Resources, Oils (16) Berkeley Expin,
Britoli, Bryson Oil sind Gas, Buls
Resources, Highland Pars, Jackson
Exolo, KCA Onling, Magelian
Petroleum, Monarth Petroleum,
Monument Oil, Oliver-Resources,
Oscaele Hydro, Piet Petroleum, Preroler
Cons, Southwest Resources, Tricentroli,
PLANTATIONS (1) Cone Plantations,
Miness (6) Buffels, Ocombontain,
Libenon, Alex Corpp, Cerr Boyd, GM
Kalgooriie. Engineering, Stormgard, Boots, Chloride, Commercial Union,

EQUITIES

rion .	Amount paid up Latest Renuno.	1986 High Low	Stock	Closing	+ or	Net. Divi	Times	10.57 2.57	Series Series
1150 1150 1100 1120 73 101 215	IF.P. 184	194   180   130   122   83   65   205   180   155   128	Ghillington Corp	305 143 177 144 83 81 116	-5 +1 +2 +1 -2	R3,3 R3,8	2.2 2.6 5.6 1	2.0	22.4 16.5 16.1 16.3

#### FIXED INTEREST STOCKS

issue prios	물론된	Stock	Oldana Price	+0
(99,998 £23 1100 F.P. 98,306 £30 96,327 F.P. 1100 £10 1100 £10	11/7 974, 119 25:4 38 10:4 107; 29:0 129:0	241, ASDA Prop. 10 A3 1st Mt 1081; Abardean (City ol: 10.8); 301; American Medical Intl.3 1041; Srf. Land 101; Sts. Mt 101; Coine Valley Water 10; 10 Do. 01; Red. Propenier 10; 1080; Glass Glover 6; Cum. Cm 1080; Glass Glover 6; Cum. Cm 1090; Namson 7 rust. 10; Cv. U 335; Newley 8 rp. Cmv. Cum. 137; Inter-Am Dev Bk 91; Lin ppmiintt. Leisurs 73; Cmv. Ci 30 inton Prov. Shop 10; Ist. 119 Morcaeu 81; Corv. Uns. 100 Netionwide 81g. 30c. 99; Do. 91; 2 97; 61; 41; Cuter Midgs. 374; 1st. 41; Cuter Midgs. 374; 1st. 181; Security Trust Soctiand	2 Uns.in.291  38   38   37   38   38   38   38   38	-140 +141 +141 -141 -141 -141 -141

#### RIGHTS OFFERS

lasue		<b>Renuno.</b>	198	6	Stock	i	Drios Gloss	+-0
140 60 950 30 140	F.P.	15/5 30/5 00/6 30/5	435 17pm 70pm 12pm 173	30pm	FAlide Higs Aguasgutum A 5p Usace, Newspaper Sensons Crisps 1 Crest Nicholson 10	00	435 13pm 30pm	
235 370 907 1 60 Ir 82 730 83	F.P.	13/6 93/5 9.5 0/5 23/3	33pm 88pm 939 218 121 77pm	30pmii 64pm ( 329 908 106 63pmii	Crattan Craycoal (10pi Leywood Williami acoba (W.R.L Lon. & Manoheste Martin (A.) 20p	r Crp	55pm 64pm 236 208 120 62pm	-4
63 265 100 175 70	NII F.P.	93/5 13/5 99/4 00/6	10pm 36pm 220 40pm	25pm 148 24pm	Pentos. Share Brug 10p. Thomson 7-Line Furner & Newall 4 WSt. 6p. Wolselsy	£1	35pm 910 84pm 146	

TRADITIONAL OPTIONS Wimpey.

Unit Trust Service of STC, Racal, Raine Engineer-ing, Spong. East Rand Con-solidated, Cadbury Schweppes, Tricentrol, ASDA-MFI, Alle-bone, Blacks Lelsure, FKI Electricals, William Boulton, John Brown, Associated British

Meggit, Unigroup, Burnett and Hallamshire, BPCC, George

First Last Last For mologies, Wellcome, Strond Beal-Deal-Declara-Settle Biley Drummond and Swire lags days a tion ment was Facility A. No puts were Apr 21 May 2 July 24 Aug 1 reported, but a double was may 6 May 16 Aug 28 Sept 3 transacted in STC.

They rate indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications see end of the pure indications in the pure indication in

## RISES AND FALLS

	Rieva	Falls	Same
British Funds	14.	78	21
Foreign Bonds	74	13	45
Industrials	371	313	810
Financial and Props	222 19	86	284
Plantations	1	3	6 -
Others	20 62	42 54	11 <del>9</del> 86
Total	723	611	1,435

1

#### FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries

	EQUITY ( & SUB-SE				Mo	on Apri	1 21 1	986		April 18	April 17	April 16	ayu (appra
	res in parenthes slocks per	es show		of Inde			Gross Div. Vield% (ACT at 29%)	Est. PrE Ratio (Net)	nd adl. 1966 to date	ladex Na.	Index No.	Index Ng.	lades No.
	APITAL 6000						3.24	16.20	4.79	742.92			
2   B 3   C	uilding Materials outracting, Cons	i (26)	281	830. 1203.		7.84	3.27	16.62	2.43 7.69	1789.00		809.65 1172.54	716
	lectricals   121						3.63	19.75	2.59	2087.82	2084_10	2065.25	1571
5   E	lectronics (38) .			1699.		8.51	2.68	15.65	8.68	1711.75	1707.28	1664.01	1688.
6 M	lechanical Engin	eering (6	31	421. 356.			3.7Z 4.72	21.85	3.80	422.95 352.56	420.71 351.18	412.66 342.48	388
B M	letals and Metal lotors (17)	- Cermining	(/1				3.22	13.64	3.94		295.62	293.57	164
ة ا ة	ther Industrial W	laterials	(22)	1339.	92 -03	6.14	2.96	19.61	11.38	1344.35	1325.92	1303.14	929
	ONSUMER GRO						2.96	17.57	4.83		953.64		649.
	rewers and Oisti						3.27	15.08	4.15 6.37	936.58 697.72	938.82	934.97 689.75	568.
	ood Retailing (1)			1930.			2.42	22.77				1934.25	
7   N	lealth and Nouse	hold Prot	ducts (10)			5.24	211	22.34	1.51			1631.66	
	eisure (251						3.74	17.69	10.57	950.43		93L81	680.
2 P	ublishing & Printackaging and Pa	ner (14)		2429. 463.		6.62 7.72	3.89	15.88	6.16 2.08	459.91	2394.50 456.95	2364.47 453.78	1783. 374.
4 9	tores (43)			936.	19 +0.5	5.87	2.39	23.08	1.40	731.48	922.43	904.59	627.
5 7	extiles (17)			538.			3.35	13.04	8.46	543.83		537.66	
6   T	Obaccos (2)	(85)		2178. 815.		,	3.61	9.33 15.59	20.60	826.24		1185.02 613.45	
2 6	hemicals (19)			913.			4.40	11.97		926.37	926.37	906.73	753.
4 0	Hice Frainment	14)		265.	70 -0.8		3.82	16.36	3.81		266.34	250.15	1873
5   S	hipping and Tran elephone Netwo	sport (12	2)	1634. 960.	65 -0.1 26 -2.0		3.68	16.39 25.98		3636.86 979.92	1639.88		1166
	etepnone nictwo Alscellaneous (48						3.31	19.07	3.99		986.64	967.95	848.7
	NDUSTRIAL GE						3.18	16.70	5.00	875.74	876.25	\$63.31	
1 0	il & Gas 1171			1147.	18 -15	19.06	7.87	6.19	39.83			1189.47	
9 5	00 SHARE ING	EX(500).		897.	35 -0.6	8.71	3.65	14.31	7.72			892.88	
	INANCIAL GRO						4.10	=	7.18	624.68		618.17	458.7
	lanks (7) surance (Life) (					16.82	4.84	8.21	12.90	684.88			691
	nsurance (Compo						4.01	1 =	4.30		513.25	882.93 513.62	343.
7 1	nsurance (Broke	rs1 (8)		2181.		8.73	3.96	14.88		2175.66	1185.96	1184.24	1005.
	lerchant Banks ( reperty (50)					5.35	3.31	25.04	1.60 2.40	374.09 753.28		364.34 741.30	642.9
9 P	ther Financial (2	(2)		356.	49 +0.3		4.14	15.96	2.16		744.44 355.06	352.96	284.
1 1	nvestment Trusts fieling Finance (3	(103)		761	80 +0.9	-	2.86		4.51	754.98		748.63	584.6
2   W	fieling Finance (	31		304.	96 -1.0		5.23	10.69	1.60	308.14		300.58	295.
	verseas Traders						3.72	9.32	8.09 7.29	688.42			663.1
9 A	TT-SUME 10.5	ZX (7.30)	<u> </u>	Inde	$\overline{}$	$\overline{}$	Day's	Agr 18	Apr	Apr	820.78 Apr	Apr	624.2 Year
┤╒	T-SE 100 SHAR	E INDE	X \$	1668			Low 1667.6		1680.9	1662.0	15	14	129.
	FIX	(ED	INTE	REST				AGE GR			Mon Apr 21	Fri Apr	Year
		Mon		Fri	ا مہدأ			sh Govern					-
	RICE DICES	Apr	Day's change	Apr	nd adj. today	zri adj. 1966	1   Low 2   Coupe	ec 1	5 years 5 years		7.41	7.37 8.32	10.4
	5.025	21	%	18		to date	3	2	S YEARS		8.31	8.32	18.7
Bri	itish Government					$\neg$	4 MeGu	m .	5 years	i	8.62	1.58	11.2
	ears	125.05	-0.02	125.08		3.66	5 Coupo		5 years 5 years		8.62	1.51	10.1
	15 years	148.39		148.89	_	4.58	7 High		5 years		8.62	8.58 8.73	10.3
	er 15 years	157.19	-0.58	158.10	- 1	5.19	g Coupe	ns 1	years		8.78	8.73	10.5
	edeemables	188.37	-0.19	180.71	<b>-</b>	1.62	9	2	5 years		8.78	8.73	20.4
	l stocks	143.22		143.61	-	4.36	10 Irrede	emables	<del></del>	<u></u> ↑	3.40	8.38	9.9
-	dez-Liaked		-				11 Inflat			ן זיג 5	222	2 22	
1 -		112.56	+0.75	112.39	<u> </u>	0.81	12 Inflat	* rate 5%	Over	5 yrs	3.32 3.38	3.37 3.41	ê
	ears	116.74	1	116.04	_	1 21	13 Inflat	s rate 10°		5 yrs	2.16	221	9
6 5 y	<b>C</b>	440-7	TWOL			1.14	14 Inflat		6 Over	5 yrs)	3.21	3.25	. 6
6 5 y 7 Ov	er 5 years	115.00	10 E2	114 27									
6 5 y 7 Ow 8 All	stocks	115.98		115.37		-	15 Deks (		5 years		9.91	9.94 9.83	
6 5y 7 0w g All	stocks estures & Lasos	124.13		124.61	_	4.01					9.91 9.81 9.70	9.94 9.83 9.71	11.5

Index 1680.7; 10 am 1679.3; 11 am 1674.8; Neon 1671.5; 1 pm 1669.4; 2 pm 1668.2; 3 pm 1668.0; 3.30 pm 1668.5; 4 pm 1668.7 † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitue is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 48Y, price 15p, by post 28p.

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		LON	IDO	N.	TRA	DED 0	PTI	DNS		•			
•	CALL	в . -¦ <b>-</b>	. P	UTS				c	ALLS		· .	PUTS	
· Dption ·	Apr. Jul	OOL	Apr.	July	Oot.	Optio	n	May	Aug.	Nov.	May	Aug.	Nov.
8.P. 300 (538) 050 000	42   03 27 1.   10	73 43 19	25 53	30 87	90 40 70	P. & O. (7055)	480 460 500 580	122 -89 45	140 100 67 42	118 83 37	1 2 0 30	2 4 12 42	-8 96 47
Cons. Gold 460 (*464) 600 550	1 34	45 30	8 87 87	18 43 87	98 98	Repai (*202)	180 180 900 220	46 28 13	56 40 25	52 36	2 4 10	8 14	19
Courtaulds 260 (*277) 280 300 330	18 30 3 -22 11 <sub>2</sub> 13 01 <sub>6</sub> 6	99 18 10	3 25 55	90 30 57	27 38 59	R.7.Z. (*709)	550 700 750	72 37 20	94 70 42	115 90 87	24 24 64	28 24 37 70	30 34 47 77
Com. Union 280 ("334: 300 580	64 85 84 48 0 99	08 33 34	012 212	3 7 18.	11 19	Vaal Reefs (*869)	60 70 80	121 <sub>2</sub> 01 <sub>0</sub>	10 10 10 2	1312	107 914 51e	110	110
Cable &Wire   600 (725)   050 700 750	130 150 83 120 31 80 3 55	180 140 107 76	1 11 <sub>2</sub> 4 27	10 27 46	10 20 40 60	7R11:391.	108 110	- 034 473 212	479 35g	101s 534	13 21 03 04	114	18 25
Distillers   550 (*673) 600 550 700	129   140 79   97 32   33 11   25	163 108 70	0½ 1 7	10: 20	1 1 38	TR11±205/07 (*£196)	118 120 199	8 6 4	81g 81g		11g	2 /2 2 /4 2 /5 /4 8 /4	146 25a
n.E.C. 160 1 196 180 200	30 40 10 98 10 13	54 36 22	014 04	46 5 6 13	55 4 8 18		124	2 %	01¢ 478	7 s 6 s	114	54 -4	6ñ 41 41
J 220 Crand Mat.   397	75 103	1115	25	28 6	39	Beecham (*486)		June 106	Sept. 113	Dec. 195	June 8	Sept.	Dec.
(*406) 353 362 420	50 78 35 07 8 30	93 73 48	20	 .30	10 23 35	Boots	420 420	80 03 02	83 70 32	101 80 60	10 20	10 90 32	17 95 06
(*954) 250 900 950	110 137 60 20 13 52 2 30	152 110 76 55	2 6 47	10 17 30	17 97 40	(*258) BTR (*470)	250 280	00	26 18	57 24	10 27	10 18 30	90 59
and Sec. 280 (*015) 300 530	33 48 19 34 1 14	57 44 45 25	01 <sub>2</sub>	07. 3 7	100	(*470) Bass (*810)	760 600	30 13 95 60	53 03 120 93	62 43 143 110	16 37	20 43	25 48
Marks & Op. 160 (*215) 180 900	00   61 33   41 10   27	90 46 36	1 2	2 4 8	5 8 10	Siue Circle (*685)	650	95 37	110 77	90 139 93	65 65 17	75 10 25	00 85 13 30.
1 280   Shell Trans.   700 (*756)   750 800	1 <sup>3</sup> 4   17 33   85 19   43	98 68	7	1B 20	17 32	De Beers (*87,63)	700 750 800	29 100 80 48	48 120 85 02	70 135 106 77	36 36 65	37 55	50 63
(*311) 380	13 28 3 12	03   44   28	20	03 10 27 50	14 29	GKH (*854)	300 030 250	60 07 13	71 47 38	39	2 10 92	80 16 26	50 - 28
. 1 250	1 1 6	19	00	50	53	Classo (*1050)	950	130	16	27	38	25	40
Opcon	May Aug.	·1}-		Aug.	Nov.	Hanson	1000 1050 1100	96 70 43	120 95 65	150 120 25	25 60	35 60	85 120
("350; 460 ("350; 300 650 600	75 100 30 03 12 50	158 117 80 56	17 40	13 27 48	13 18 33 27	(*150)	150 186 180 200	18 10 41 <sub>2</sub>	96 19 12	27 17	12 22 37	11 24	13
9AT Inds (*493) 260 590 420	100 113 70 90 43 53 21 42	126 103 65 62	1 3 7 18	8 15 25	16 23 32	Jaguar (*468)	390 420 460 500	87 80 38	103 711 27	10   93 75	37	38   10   15   26	32 23
Barolays (*534)   960 200 550 600	80   35 47   62 20   35	110 89 60 20	8 30 70	7 15 37	10 22 42	Thorn EMI (*499)	420 460 500	60 36	75 I	117 90 65	8 8 25	55 4 17	8 27
3rt Telecom 220 1 246t 240 260	32   38 16   24 8   18	48     32	2	76 4 11 22	6 144g	Tesco (*365)	300 330 360	72 48 28	87 85 23	65	25	32 57 10	37 62 15
mperial Gr. 300 (*397) , a30	3 10 33 47 15 26		32   2	40   12	30 42 8	Option	1 260   Apr	10	32 18	48 27 July Ap	12 20	35	25 40
LASMO 120 (*128) 130	93 36 13 24	91 40 3a	7 1	27   12 18	17 88 16 25	mager 1	575 100 600 75 625 55	1117	130 112	=	2   18 2   18	-1 23 33	- E
140 160	8 18 3 11	97	25	25 40	30 42	1	650 30 675 18 700 8 730 8	60 47 27	96 80 68 58	98 1 87 2 76 4	5 87 3 40 5 68 7	46 62 77	75 88 105
(*271) 280 280 300	24 54 15 28 2 14	.53	8 17 38	14 23 36	9 16 26 38	April 1	R Total	<b>1</b> 1	27	43 8	3 105	125	130

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# WORLD STOCK MARKETS

USTRIA		GERMANY		NORWAY		AUSTRALIA (	Price			Price	+ 01
April 21	Price or	April 21 P	rice + or	April 21 Kron	98 + 97	April 21	Aust			Yen 588	
edit'net'lt pp	2,520 +20	AEC .	40.7	Bergens Benk 15: Borregaard 36:	2.5 -2.5	0 en. Prop. Trust Hardie (James)	8.6	+0,62	Mitsul Bank	1,050	+20
eruniali	15,200 +80 15,200 →700	Allianz Vers	1840 +85 187.5. —4.3	Christiania Bank: 15: DenNerske Gred: 15:	2.6	Hardie (James) Hartogen Encryy Herald Wy/Ilmes ICI Aust	6.36	-0.01 +0.98	Mitsul Estate	1,690	+4
enderbank	2.120 +40	Sayer 3	37,5 -6 82   +7	Elice of	6.6 +5.5	Jimberiana F.P.	! 0.81 }	-0.05	Mitsukoshi	901	-29 -30
n mageer and a	196 +7	Bayer-Verein	26 -25	Noroem 110	3 +2	Kidston Gold	5.5	+0.61	NIERO Sec	224	+40
itscher Mag	12,500 +500	BMW	99 -16	Norsk Data 434	+4	Lend Lesse	.24	+0.14 -0.02	Nippon Elect	1,580	+30
LGIUM/LUX	EMBOURG	Commerzhank 3	10.0 5 67 2	Storebrandi 23'	7.5:	Mayne Nickiess Nat. Aust. Bank	B.6	+0.62		1.490 . 1.140	-10 -10
April 21	Price + or	Daimiar-Benz1,	507 —23 25 —2	SPAIN		News	3.70	-0.1	Nippon Kogaku Nippon Kokan Hippon Oil	186	+50
R.L.	3.200 +150			l Pri	06   + or	North Bkn Hill.	2.12	-0.03	Niepon Shimpan'	1,140	+6 -10
ng. Oan. Lux ng. Int.A.Lux	15,025 +5	O'sche Baboock. 2 Dogtsche Bank. 3	95 : -0,5	April 21 Pts		Oakbridge	3.98	-0.92	Nippon Steel	127 388	_5
nent CBR ckerili	15.000		55. +2	Beo Central 23	0 +16	Pancontinental .	2.95	+0.07	Hippon Sulsan	596	-75 +21
helze	12,025	Henkel	65   —4 00   17,8 —3,2	Boo Exterior 45 Boo Hispano 46 Boo Popular 99	7   +20	Queensland Cost	1.46	+0.1	Nemura	663 L940	+30
etropei	32 Mary 1730	Housett Werks 1	96 —3 20 +6	Boo Santander 73	7 +2 00 +8	Reckitt & Colman	1.95 3.73	+0.86	Oreda Dement	170 487	-70 -70 -70
Inno BM L (Brust)	7,250 -10	Horten 2	12 -5.5 17 -0.2	Dragados 32	S i +17	Smith (Howard) Thos. Natwick		-0.07	Orient Finance Orient Leasing Ploneer	5,590	+114
nerale Bank	0.500 + 150	Karstadt 3	71.51 -2.5		6.6 +6	Tooth	0.0	+0.1	KIGON	961	-13 -10
boken	6,400 200 7,650 150 3,870 +- 40	KHD 3	102,6! -5,5 103,6! -1	Telefonica 19	9 +2.5	Western Mining .	6.24	-0.85	Sanwa Bank	1,250	-10 +4
edictbank	14,000 +76	Linde	62   -8 .	SWEDEN		Westped Bank Woodside Petrol Woodsworks Love	5,45	-0.95 -0.05	SERBOM	940 :	-10
trofina	7.500 +20	MAH 2	12 -6 60 8 -6.3	1 Pri		Wormuid Inti	3,6	-0.3	Sekisui Prelab Seven-Eleven Sharo	7 800 965 .	+50
c. Gen. Beige.	7,190 —5 10,500 —200	Mercades Hid. 1	369 —11 50 +3	April 21 Kro			<del></del>		Shimizu Constn	520	-10 -10
ivay	8,500 +90 460	Mussch Russk	830 -200 35,5 -2,6	AGA 81 AHa-Laval 8 56	8 +6	HONG KONG			Shiseido	264	-2
actionel	6,690 -10 6,270 -20	Porsche	219.5; -19.6	Affa-Laval 8 56 ASEA (Free) 48 Astra (Free) 59	6 -6	April 81	Price	+ 4	Bony	1,69C	-40 -10
egons Lits		Photo Wast Floor	75 +0.1 75 +5	Atlas Copoo 25 Carde (Free) 29	0 0	Benk East Asia		+0.1	Stome Chem -  -	331 798	+5
ENMARK	. ":	Schering	10 -3	Celluloss 32 Electrolux B 29 Ericson B 26	6 -11	Cheung Kong	20.8	-0.2	170mg = 1815	1-0	-50
		Thyesen	12 -4.5 185 -3.5	Estatte 54	0 ,	Evergo	0.66	+0.81	Talse Corp	700	-10
April 21	Price + or	Vebe	75 45   +1.5	Phormacia 94	6 +5	Handerson Land HK China Gas	14	+0.3	Talyo Koba Bank	565	-16 -50
delabankan	401   +1	Verein-West	10 1 -15.	Sandvik 92	06	NK Electric.	6.9	+0.85	TOK	613	+40
hice Skand p Handelsb'nk	619 . —2	Volkswagen	61 -20	SKF 34	7 . 17	NK i and	6.5	+0.56	Total Bank 1.	A62 .	+80
Sukkerfab	574	ITALY		Stora Koppartra 25 Swedish Match 35	9	MK Shanghal BK. HK Talephone Nutohison Wbs	. 60.75	+0.20	Toloro Elect Pur	110	+30
Dankse Luft	286	April 21	rice + or	Volvo B (Free) 38	9 16	Jardine Math	15.6		Tokyo Gas Tokye Corp Toppen Print	860	+25
renede Brygg. renede Damp.	: 240	Banco Com'le 5	8,410 +110			New World Day. Orient O'scas	1.99	-0.25	Toray	665	-10
NT Hid	520	Sestogi-IRBS	4,526 + 135	211111111111111111111111111111111111111		SHK Props	0.99	-0.1 -0.81	Toray Toshiba Elect Toyo Selkan	428 · 2,350 ·	-10
ské Bank mo Inda	.'1,666 '	Credito Italiano.	2,950 +10 6,790 +6	Fr	ce +or	Swire Pao A	6.05	+0.45	Toyota Motor		+50
tvatbenken ovinsbanken	366 -1	Generali Asslour. 1 Italeamenti	2,875 + 215 19,900 - 76	Adla Intl D,	75	World Int. Hidge.	9,45	-0.86	Vament	755	+40
ovinsbanken nidth (F.L.) 8 phus Berend	1000 -10	La Ringeconte	1.296	Bank Leu 5,1	950	JAPAN			Yamaichi Sec Y manouchil'hm.	968 300	-50 -50 +50
perfor	1 284   -16	Montedison	4,529 +150 6,650 +50	Ciba Delev 3.1	10	April 21	Price	f or	Yasuda Fire	640	-1
RANCE		Piretil Co	8.130° ±49		940		Yen		SINGAPORE		
April 21	Price + or	Salpem	5,098 +88 7,340 +21 8,160 +750	Fischer (Geo.) 1,0	750	Althomoto	1,680 860	-6	April 21	Price	<u>.</u>
. Apr	Fra.	1010 1010	0,200, 1.00	Haff-Rocks 1/72 12.	225	Aipe Electric	. 8555	-20			-
nprunt 41% 7972 nprunt 7% 1972	1,558   -47 67,610 +66	NETHERLANDS		Joimoli	060	Asahi Giasa Sank Tokyo	780	-20 -10	Boustand Hidgs Cold Storage	8,59	+0.
r Liquide	790 +10	April 21	rice + or	Nestin B.	500	Bridgestone	637	+43	Genting	3.48	+0.
Compression	8608 2.045 +90		Fig -	Sandor Gri	481	Casio Comp	1,140	+10	Haw Par, Bros Hong Leong Pin	1,85	+0.
ATTION OF THE REAL PROPERTY.	1 DOM: 4 + 1500	AEGON	118   +8.	Sendez (Pt Cts) 2,0	330	Chugal Pharm	1,000 1,560 1,650	+30	Keppel Shipyard	0.89	+0.
N Gervals T Alcatel	3.350 +69 5.416 +17		78.7 +0.7 180.1 +0.8	Strveillance A. 7.	700	Dal-Ichi Kan, Bk. Dai Nippon Tok	410	-5	Malay Banking Malay Utd. Ind	1.16	=6.
ub Mediter's	565 +1 1,200 +2	AMEV	682.6; +1.8 88.0; +0.7 104.5; +0.7	Swies Benk.	595	Dai Nippon Ptg Galwa House Dalwa Sec	.1,500	20 +10	Multi Purpose	8.10	+0.
mart	1 434   43	Bredero Cert	104.5 +0.7 209.5 +0.8	Swiss Reinsco 18,0	580	Fango	1,650	+10	Public Bank	0.66	-0
rty.	3.065 +11 1.325 +75		159 -0.6	Winterthur 6.0	300	Fuji Bank	1,520	+10	Singapore Press.	6.55	+0,
imez S.A. iux (Cle Oen) — f-Aquitane	1,380 +30 340 +20,1		185 -0.5	Zarich ins	750	Full Film	2,470	-10	Straits Trog	1,95	-01
n Occidentale	2,595 +16 977 +27	Fokker	185 -4 95 -43	4145774444		Plateres Foot	416	+90	UOB	5.10	-0,
etal	95.B +2	Gist Brocatios	270 -2 218,5 -0,5	AUSTRALIA		Green Cross Helwa Real Est		-50 -5	SOUTH APRIC		
	1 400 + 20 3 769 + 79	Hongovens	116.4 — 1.6 64 — 1	April 21 Aus	e t + or	Hitachi	1,500	+13		Rand	±0
arge Coppes.	4 000 +190 272 -18	KLM	74.9 +0.2 50.0 -1.1	ACI 7mt 3.0		Honds. Indl. Bk. Japan	2.450	-10	Abercom	2.9	
farge Coppes. Freat	2.330 . +95	KNP	144.5 +3.5 54 :2 -84.0 +1.0	Adelnide Steams 13 ANZ Group	+0.14	ishikawajimaHr.	. 255	+5	AF&CI	11,50 50,5	-0.
farge Coppes. Frost grand Lisons Phenix dre S.A. chelin 3	3.245 +50	Nat Ned Cartina	197 2 .	Ashton 1,6	55		457 4,080 19,860	+2 +30 +90	Anglo Am, Goel Anglo Am, Gord Anglo Am, Gold	40.40	
farge Coppee. Prezi grand Usons Phenix tra S.A. chelin 3 of (Cfe)			175 -0.8	Aust Guarantee 3.4 Aust Rat, Inde 3.4 APM 8.7	8 +0.00	14500	1,570	-10	DELCHAR SELLE	19	
farge Coppea. Feat	105.5   +4.6	Nedlloyd Oce Grinteri	4482	Bell Group 8.1	8 1 +0.06	Kan Soap	1,430	-2	Buffels	63	-1.
farge Coppee.  Jreal  grand  grand  usons Phenk  thre S.A.  chelin S.A.  di (Cle)  with rest Hennessy  with rest  rid Est  rid Est  rid Rioard  rid Ford	105.5 +4.6 198.8 +9.5 1,070 +7 710 +24	Nedfloyd Oos Grinten Onumeren (Yan) Pakhoed	51.8 61.8 -9.8	Res Res 5		KarasakiStesi.	1,250	+10	Currie Finance	6. 10	*****
farge Coppes. Free Section Presix tire Section 2 di (Clo) cuttinox rd Est rried Roard rried Roard rried Roard rried Section Se	105.5 +4.6 198.8 +9.5 1,070 +7 710 +24 376 +13.	Nedfloyd Oos Grinten Ommeren (Van) Paknoed Philips	51.8 61.2 63.8	Bond Corp Hidge 5.4						95 7	
farge Coppee. Orosi Orosi grand sisons Phents tire S.A. chelin 2 di Ucle) put Hamessy ord Est rrior ord Roard rrior troles Fra segent S.A. atemps (Atlan diotech	105.6 +4.6 198.8 +9.5 1,070 +7 710 +24 376 +13 1,038 +23 618 +3 849 +38	Rediloyd Oos Grinteri Onumeren (Yan) Pakhoed Philips Robeco Rodanco	51.8 51.80.5 53.60.5 52.60.5 36.71.2 55.20.3	Bond Corp Hidge 5.4 Boral Bougainville 2.5	+0.02 +0.02	Kobe Steel	491	+10	Driefontein	49,95	
farge Coppes.  Grand  g	105.5 +4.6 198.8 +9.5 1.070 +7 710 +24 376 +13 1.036 +33 618 +3 849 +36 1.939 -6	Rectloyd Oos Grinten Oos Grinten Pakined Pakined Hobeco Rodanco Rorento Royal Dutch	51.8 51.8	Bond Corp Hidge 8.4 Borgalinello 2.5 Brambies inde 7 Bridge Oll 1.3	5 -0.1 +0.1 +0.1	Kobe Steel Kometsu Konjshiroka Kubots	724 346	+10	F.S. Cors	48,25 34,25 35,60	-0
farge Coppea.  Grand  g	105.5 +4.6 198.8 +9.5 1,070 +24 376 +13 1,056 +23 518 +3 349 +38 1,550 -60 580 +6	Nectloyd Oos Grinteri Oos Grinteri Oos Grinteri Pakhoed Pakhoed Robeco Rodanico Rojento Royal Dutch Wiff Stork Uniferer	51.8	Bond Corp Hidge 8. Soral	15 -0.84 +0.82 +0.1 +0.1 5 -0.85 15 -0.8	Konestel Konestel Konestel Konestel Konestel Konestel Kunngal Kunngal Kyocera	784 346 803 4,820	+10 +120 +30	Pristontein	49,95 34,95 33,60 6,85 9,45	-0.
farge Coppea.  Grand  g	105.5 +4.6 198.8 +9.5 1,070 +24 376 +13 1,056 +23 518 +3 349 +38 1,550 -60 580 +6	Nedloyd Oos Grinteri Donneren (Van) Pakhod Philips Robeco Rodantoo Sollooo Rorento Hoyal Duton Unitever VMF Stork	51.8	Bond Corp Hidge   8.4	15 -0.0 +0.1 +0.1 -0.8 15 -0.8 16 -0.4 16 -0.4	Kobe Sivel Komatsu Konjahiroka Kubota Kumagai Kumagai Kyocera Marubeni	724 346 803 4,520 356 9,480	+10 +12 +12 +12 +12 +12 +12 +12 +12 +12 +12	Driefontein	49,25 34,25 35,60 6,65 9,45 6,75 12,0	-0
Jarge Coppes Organi Jarge Coppes Organi Jasons Phenis Arta S.A. Ichelin 3 Jarge Chenin 4 Jarge C	105.5 +4.6 198.8 +9.5 1,070 +24 376 +13 1,056 +23 518 +3 349 +38 1,550 -60 580 +6	Nedloyd Oos Grinteri Donneren (Van) Pakhod Philips Robeco Rodantoo Sollooo Rorento Hoyal Duton Unitever VMF Stork	51.8	Bond Corp Hidge	15 -0.8 16 -0.1 16 -0.1 16 -0.2 18 -0.2 18 -0.4 19 -0.7	Kobe Steel Konjetsu Konjetsu Konjetsi Kubota Kubota Kumagai Kumagai Marobeni Marul Marul Malada Molore Mel la Soluz	491 724 346 803 4,520 386 9,480 409 688	+10 +120 10 10 10 10 10 10 10 10 10 10 10 10 10	Driefontein	49,95 34,25 35,60 6,85 9,45 6,75 12,0 49,8 30,25	00 10
farge Coppee broad grant grant grant grant grant farge farge grant grant farge	105.5 +4.6 198.8 +9.5 1,070 +7 710 +24 376 +13 1,038 +23 618 +3 1,939 -8 1,939 -8 1,939 -6 1,550 -50 580 +6 1,895 -2 3,490 +900 7,510 +35	Rectloyd Oos Grinteri Oos Grinteri Oos Grinteri Pakhoed Pakhoed Robeco Rodaneo Rosal Dutch Royal Dutch VMF Stork VMF Stork Wessanes West Utr Bank	31.8	Bond Corp Hidge	15 -0.01 +0.01 +0.1 +0.1 -0.05 15 -0.05 16 -0.04 16 -0.04 16 +0.7	Kobe Steel Kommisu Kommisu Kommisu Kummgal Kummgal Kyocera Marubeni Marul Marul Marul Melja Seltza Melja Seltza Melja Seltza	491 724 346 803 4,520 386 2,480 409 688 1,610 1,510	+10 +10 +10 +10 +10 +10 +10 +10 +10 +10	Driefontein	49,85 34,25 33,60 6,65 9,45 6,75 12,0 49,6 30,85 15,4	10 100
farge Coppee. Jorgal Jo	105.5 +4.6 198.8 +9.5 1,070 +7 710 +24 576 +13 1,038 +23 618 +23 1,039 +6 1,550 +6 1,952 +2 1,993 +90 7,510 +35 7,510 +35	Nectloyd Oos Grinteri Oommeren (Van) Pakhoed Philipe Robeco Rominoo Rominoo Rominoo Rominoo Royal Dutch Unitever VMF Stork Vitt	31.8	Bond Corp Hidge	15 -0.8 15 +0.1 15 +0.1 16 -0.8 16 -0.8 16 -0.8 16 -0.8 17 +0.7 17 +0.7 18 +0.7 18 +0.7	Kobe Steel Kornetsu Koptahiroku Kubota Kubota Kubota Kupota Kupota Kupota Maruban	491 724 346 803 4,520 386 2,480 409 688 1,610 1,510	+10 +130 +150 +150	Driafontein	44,85 34,25 33,60 6,65 9,45 6,75 12,0 49,6 30,85	19 19 19 19

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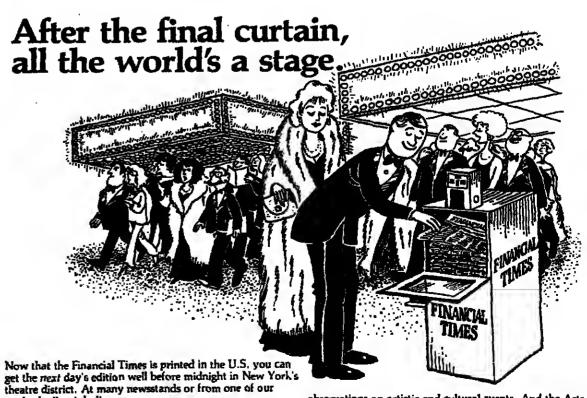
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Composite	243.85*	N2.38	543.83	242.22	227.73	237.28	17/4/881 243.83	(22/1)	243.83	4.40	JAPAN** Nikke: 118/5/48) Tokyo SE Hew 14/1/68)	15827_9 1280_57	18755,8 \ 1254,85	15496,8 1254,87	15850,4 1223,10	15650,7 (61/8) 1265,88 (3118)	12881,5 (21)1 1025,65 (2)11
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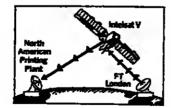
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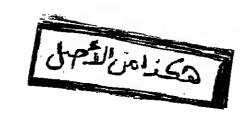
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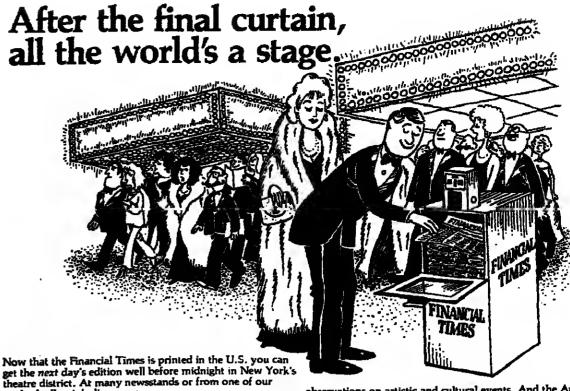
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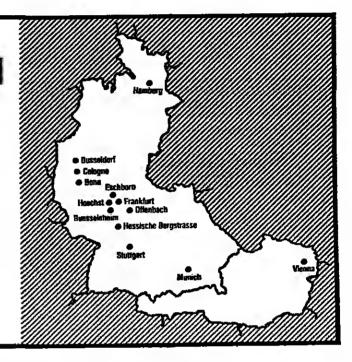
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# FINANCIAL TIMES **WORLD STOCK MARKETS**

**WALL STREET** 

# Slow start to assault on heights

US FINANCIAL markets gave a slightly cool reception yesterday to the half point reduction in the federal discount rate, which had been widely expected, and disappointed those hoping for a cut of a full point, writes Terry Byland in

But the stock market moved forward after a slow start to challenge its recent peaks. Investors were encouraged by a rally in the bond market and by a heavy hatch of trading statements from leading companies.

By 2pm, the Dow Jones industrial average was up 10.67 at 1,851.07.

240

220

NEW YORK

DJ Transport

DJ Utilities

LONDON FT Ord

TOKYO

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

Montreal Portfolio

DENMARK

FRANCE

CAC Gen

HONG KONG

Hang Seng

NETHERLANDS

ANP-CBS Ind

Osio SE

SPAIN

Madrid SE

SWITZERLAND

MS Capitel Int'l

Silver (spot fixing)

Coffee (May)

SWEDEN

WORLD

(London)

London

Zurich

Paris (fixing)

Luxembourg

New York (June

SINGAPORE

Stralls Times

SOUTH AFRICA

ITALY

WEST GERMANY

FT-A All-share

FT Gold mines

FT-A Long gilt

Metals & Mins

Metals & Minis

Forecasts from many credit market analysts that the Federal Reserve would be obliged to ease credit further because of a flagging US economy were reinforced when the Fed gave generous liquidity help.

At noon, with federal funds at 6% per cent, the board announced \$2.5hn in customer repurchases, and then followed up with \$500m in hill purchases. Its actions coincided with the effective date of the cut in the discount rate to 6% per cent, Chase Manhattan bank added \$1/2 to \$48% after leading the way to half point prime rate cuts at the major

banks, setting its rate at 6% per cent. The hanking sector was slow to trim rates, despite the reduction in the discount rate to 6½ per cent, which renders lower primes inevitable.

McDonnell Douglas slumped \$2% to \$67% io further consideration of Friday's disclosure of a sharp fall to profits. Lockheed eased \$% to \$56%.

The Wail Street earnings season cootinued with Phibro-Salomon, the securities and commodities broker, easing \$1/4 to \$58% despite higher profits for the first quarter. Also on profits statements, E. F. Hutton added \$\% to \$41\% and Paine-Webber eased \$1/6 to \$36%. A firm feature in financials was American express, up 5% at \$65%.

Technology stocks firmed, with 1BM, up \$% at \$163% providing a lead. Control Data rallied \$% to \$22 after confirming poor results for the quarter.

Union Carbide eased \$1/6 to \$24% on announcing another major sale of consumer division assets. The rest of the sector looked irregular, with American Cyanamid \$\% firmer at \$69\% on results, and Monsanto \$\% off at \$62\%.

Domestic Airlines continued to benefit from reports of heavy switching hy US tourists away from international travel. United gained \$1% to \$62%, and American, at \$56%, added \$%.

The Detroit car makers were firm despite Wall Street forecasts that first-quarter earnings will be as much as 15 per cent down. Ford gained 5% to \$84 and General Motors \$% to \$81%. But a falling dollar, also a signal of expectations of lower US interest rates, had little effect on export earning stocks, as the flow of

quarterly results gathered strength. Eli Lilly edged up \$1/4 to \$731/4 on high-

US DOLLAR

2.221

174.15

7.0875

1.862

1,522.5

INTEREST RATES

US BONDS

113%

145.41 135.64

186.41

Day's change

+0.10

+0.14

+0.16

-0.04

April 21°

100%

FINANCIAL FUTURES

103-27 104-00 103-06 103-28

94.53 94.56 94.48 94.58

128-21 129-04 128-07 129-11

93.50 83.63

45.4

1.5115

3.3375

10.645

2.795 3.77 2.286.0

21018

10% 4% 4% 7%

6.409 1011%

8.848 103% 7.002 113% 2

6 97

6.79 6.54

7.59

1.5185

3.3725

10,7625

28275

3.805

2,312.0

10%

6.815

Day's

-0.01

7.30

April 21 Previous

7.0425 1.849 2.494 1,512.5

45.05

DM FFr

6-month USS US Fed Funds

1993

(years)

1-30

10% Mar 1993

10% May 1993

Cilicorp

CHICAGO US Treasur

LONDON

June

June

8% 32nds of 100%

S1m points of 100%

\$1m points of 100%

\$1m points of 100%

Three-month Eurodel

20-year Notional Gilt

£50,000 32nds of 100%

US Treasury Bills (IMM)

Certificates of Deposit (IMM)

93.52

Diamond Shamrock

KEY MARKET MONITORS

Year ago

584.92

1,299.7

624.23

685.61

5128

552.0

190.13

155.21

Yen FFr SFr

Guile

1,851.07\* 1.840.4 1,266.56

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2.312.03 2.361.88 1,433.65

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3163

April 21 341 10p

£2,258,00 £2,243,00

\$342.25 \$345.125

\$344,30" \$346,70

€943 50

S11.10

\$342.25

5343.77

\$343.25

April 18

COMMODITIES

GOLD (per ounce)

1,108.2 895.4

420.5

Prev 343.00p

2952.00

\$11.25

\$342.50

5342.33

S341.00

764.83 275.89

144.4

819.55\*

191.94\*

1,668.0

817.37

897.35

270.0

Standard & Poors 500

er results, while SmithKline Beckman jumped \$1% to \$67% and Schering-Plough eased \$\% to \$45\%, both also responding to trading news.

News of a first-quarter loss left Armoo Steel S% off at 59%, but other steel issues firmed up.

In the oil sector, progress reports from the Opec meeting had little effect. Ash-land oil added 5% to \$50% after announ-cing higher earnings for the second quarter. But Amoco dipped 5% to \$56% on a first-quarter loss.

Schlumberger, with fortunes tied to the depressed oil search industry, remained unchanged at \$17 after confirming market fears hy reporting a drop in

The recent rally in consumer stocks was jolted by poor results from Sears Roehuck, the nation's largest retailer. which shed 5% to \$47% after disclosing lower profits. J. C. Penney dipped \$% to \$71% in sympathy, but speculative huying continued to push Federated Department Stores ahead, the stock rising \$1%

Speculative features elsewhere included Sun Chemical, up \$4% at \$64% after a Japanese company suggested it might huy the equity for \$75 a share or alternatively, purchase the graphic arts division. Fruehauf, facing a proxy fight, gained S3 to S41.

There was a whiff of hrimstone among the utilities as Duquesne Light slumped \$5 to \$13%, with the dividend reduction bringing a waft of selling. Toledo Edison fell \$1% to \$25%.

In the credit market, short-term rates edged higher as the sector settled down after the discount rate cut but activity was restrained. The bond market showed minor gains, with the long dated yield at 7.15 per cent.

LONDON

# Rate moves fail to excite

INTERNATIONAL moves to lower interest rates failed to excite Loodoo yes-terday. Blue chips opened yesterday's sessloo, the start of the final leg of the current trading account, in promising fashion hut modest gains were soon given up in the absence of worthwhile support.
The FT Ordinary index, after being 3.5

up before 10am, ended a net 6.6 down at 1,394.5, despite a rise in consitutueot Allied-Lyons, up 15p to 315p.
The FT-SE 100 ended 12.2 lower at

1,686.0. Prices of conventional gilt-edged dex-linked stocks went further ahead as hedging continued, and some closed %

Chief price changes, Page 37; Details, Page 36: Share information service, Page 34-35.

#### HONG KONG

A continuation of Friday's consolidation was seen in Hong Kong after the surge in prices earlier in the month that had taken market indices 10 per cent and more higher.

The Hang Seng index fell 2.02 to 1,788 and the Hong Kong index shed 1.43 to

Analysts believe, however, that the present round of profit-taking will be limited and they expect strong support for the market emerging at the 1,740

Today's opening of subscription for Cathay Pacific was eagerly awaited with the shares quoted above HK\$5 in the so-called "grey" market, against the issue price of HKS3.88.

#### SINGAPORE

STOPLOSS selling alternated with bargain hunting in quiet Singapore trading eaving prices to close mixed.

The Straits Times industrial index rose 0.45 to 584.05 on turnover that fell to 6.2m shares from 6.6m on Friday. Attention focused on Singapore Airlines (SIA) with its turnover representing about 20 per cent of the market's total after some British demand for the stock had been seen over the weekend. But after reaching an early high of S\$8.70, the stock settled hack to close just 5 cents higher on the day at SS8.55.

#### **AUSTRALIA**

CONTINUED strong demand for blue chip industrial stocks was offset by a weaker resources sector in Sydney and shares closed slightly easier overall.

The All Ordinaries index eased 0.2 from Friday's record close to end at 1,216.3 after peaking at 1,223,3 in early trading.
The All Industrials index rose 8.4 from

Friday's high to 1,991.6, while the All Resources index fell 6.1 to 634.5.

#### CANADA

A RECORD-BREAKING rally was halted in Toronto as stocks fell broadly in moderate mid-session activity.

Hiram Walker was actively traded CS% up to CS37% after TransCanada PipeLines withdrew from the takeover battle for Walker on Friday. Northern Telecom dipped CS% to CS39% after reporting lower first-quarter profits and forecasting lower second-quarter earnings.

Blue chips dominated actives, with Bell Canada down CS% at CS40% and Consolidated Bathurst class A falling

CS% to CS26% Mootreal staged a broad retreat. **EUROPE** 

# **Record run** given extra incentive

THE RACE to new peaks in Europe was given a further boost yesterday as investors reacted warmly to the discount rate cuts in Japan and the US although the record setting form in West Germany slowed in reaction to the lower dollar.

Milan was led higher by strong demand for insurers, industrial holding issues and select financials and banks. The Banca Commerciale index jumped 10.12 to a record 774.95.

Fiat, still a favourite among domestic and foreign institutional huyers, added 1215 to 112,875 after Friday's 1790 jump, while Montedison advanced a further L150 to a 12-month peak of L4,529. Italcementi also hit a high for the year with a L900 surge to L71,000.

1FI closed the session L1,500 ahead at L27,990, while Mediobanca picked up L3,000 to L241,500. Generale reversed an opening gain to finish L75 cheaper at L139,900 as profit-takers moved in.

Olivetti, expected to sign an agreement this week with VW over the German car group's loss-making office equipment subsidiary Triumph Adler, firmed L50 to L16,850 just helow its 12month peak.

The belief that world interest rates

are likely to fail further fuelled Paris trading and left the CAC General index at a fresh high of 380.00 with a 6.60 ad-

Builders continued to find most of the buyers with Bouygues FFr 150 strooger at FFr 1,200, a new high for the year, while Screg began to recover some of the ground lost last week with its 7 per cent rebound to FFr 105. Dumes rallied Bargain hunters moved in on Das-

sault after Friday's steep fall, triggered hy the death of its founder. The engineering group recovered to show a FFr 135 rise to FFr 1,430. Among electrooics, Thomson-CSF added FFr 35 to FFr 1,310, a new high, on very stroog trading figures, while Le-

grand managed an equally impressive display with its FFr 190 surge to FFr

L'Oreal finished FFr 79 higher at FFr 3,769 after announcing a gain of 6.3 per ceot in net earnings for last year. The weaker dollar dampened Frank-



furt and trimmed 7.6 points off the Commerzhank index to 2,246.3. Exportoriented shares, such as car and chemical issues, suffered although some resilience was detected among utility and insurance stocks buoyed by the hope of lower domestic interest rates.

Reports that the Government of Kuwait had sold much of its German stock portfolio also inhibited sentiment,

Volkswagen sustained a hefty DM 20 markdown to DM 661 as Daimler settled DM 23 lower at DM 1,507.

Bayerische Vereinsbank proved to he one of the most vulnerable hank stocks.

with its DM 25 setback to DM 635. Shares of Feldmühle - Nobel, former core of the flick industrial group, will go on sale on Thursday at a DM 265 price

per DM 50 nominal share. The bond market was subdued and the Bundeshank sold a small DM 12m of paper after sales of DM 7.3 on Friday.

Amsterdam suffered from dull trading, while Brussels proved mixed, where Fabrique National slipped BFr 65 to BFr 2,535 on results. Stockholm eased against a background of government plans to end some exchange controls which allow Sweden to buy foreign equities.

Peaks were managed in Madrid and Vienna while Zurich was closed for a local holiday. Frankfurt bourse reforms, Page 20 :-

#### SOUTH AFRICA

GOLD shares closed mixed in quiet trad-ing in Johanneshurg as the market con-tinued to await a clear lead. Of sil added R1.50 to end at R80.50

Among cheaper priced issues Elands rand lost 30 cents but Vlakfontein gained 10 cents at R4. Other mining and mining financials eased with De Beers shedding 40 cents at R22.30, while Impala Platinum and Angle American Corpeach lost 50 cents at R26 and R40.75

Industrials also finished mixed.

**TOKYO** 

# March to peak and back again

INVESTORS retreated to the sidelines in Tokyo yesterday after share prices hit an all-time high in morning trading in reaction to the official discount rate cuts by Japan and the US, writes Shigeo Nishiwaki of Jiji Press.

But the strong advance of the yen against the dollar to a record postwar 11050

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level spurred utilities and oils, which henefit most from present exchange rate movements.

The Nikkei stock average climbed 88.29 points into record territory during the morning, hut finished only a net 0.66 up at 15,827.26. Volume sagged from Friday's 840.73m shares to 521.38m. Gains led losses 427 to 413, with 127 issues unchanged.

Last week's active buying continued, with investors hunting hlue-chip electricals in the morning. Hitachi topped the active list, on volume of 30.44m shares, adding Y13 to Y892. Toshiha rose Y13 at one stage, but closed a Y425, down Y2. NEC advanced Y30 to Y1,580 and Matsushita Electric Industrial Y20 to Y1,610.

Among hive chips in other industrial sectors, Toyota Motor jumped Y50 to Y1,530. Honda Motor also drew buyers to score a temporary increase of Y40, but fell on profit taking to end Y10 lower on

the day at Y1,210. Analysts said investor enthusiasm shifted rapidly to blue chips from issues that stand to gain from the government efforts to expand domestic demand.

Among stocks benefiting from the stronger yen, Tokyo Gas rose Y25 to Y430 on the second heaviest trading of 24.49m shares, and Tokyo Electric Power advanced Y210 to Y4,110, a record

Among oils, Nippon Mining added Y22 to Y484, Nippon Oil Y50 to Y1,140 and Showa Shell Sekiyu Y51 to Y891.

Bond prices firmed in anticipation of a fourth cut in the official discount rate this year as a result of the yen's continuing rise. The yield on the beliwether 5.2 per cent government bond, maturing in July 1995, fell to 4.540 per cent from Saturday's 4.645 per cent. Trading was dominated by dealers and brokers although institutional investors increased both their buying and profit-taking selling on the over the counter market.

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